



## Major Vows to Fight On After Electoral Rout

Compiled by Our Staff From Dispatches

LONDON — Prime Minister John Major said Friday that he had no excuses for the worst local election result in the history of Britain's Conservative Party but vowed to fight on as its leader until the next election.

"I have never run away from a difficulty in my life, and I don't intend to do so now," Mr. Major, looking calm and determined, told reporters outside his Downing Street office.

In local elections on Thursday, the Conservatives won just 25 percent of the vote, lost almost half the 4,100 seats they were defending and took control of only eight of the 346 councils at stake.

The left-of-center Labor Party rolled up 48 percent of the vote, its best showing for 30 years in the elections throughout England and Wales outside London.

It was the most ominous sign yet for the Conservatives that their 16-year grip will not survive national elections, which must be held within two years.

A similar voting pattern at the next parliamentary election, due by mid-1997, would mean a Labor landslide. Mr. Major's party now has a parliamentary majority of 13.

The Labor leader, Tony Blair, hailed the result as "a turning point in British politics."

"The Tories have nothing new to say and nothing new to offer," he said. "They are directionless and drifting."



Tony Blair, the Labor leader, and his wife, Cherie, enjoying the news on election night. (Reuters, AP)

## In Croatia, a Picnic for Captives and Disdain for UN

By John Pomfret  
Washington Post Service

**VARAZDIN, Croatia** — For the prisoners, it was a surreal picnic. Bread, tea, cottage cheese, cigarettes and juice — lunch on the lawn for captured Serbs. Croatian girls in spring dresses, just out of school, sauntered past the men. A band played a funeral march in a cemetery across the way.

Croatia was trying to show Friday that it could be magnanimous in victory and treat captured Serbs well. Officials from the Croatian Defense Ministry fanned out among the prisoners and told them they were welcome to stay in Croatia.

But Predrag Zec was shaking with fear. As he sat in the incongruously peaceful setting, serenaded by chirping birds and caressed by a spring breeze, the 23-year-old Serbian fighter re-

mbered tales his grandparents had told him of World War II and concentration camps run by pro-Nazi Croatian fascists.

"I'm afraid of what might happen to me," he said, looking behind him for signs of eavesdropping Croatian police officers guarding the Serbs outside a local sports hall where they were being interrogated.

But something more than Mr. Zec's fear raised questions about the sincerity of the Croatian government.

He and more than 1,000 other Serbian fighters surrendered to Croatian Army forces on Tuesday after Croatia's biggest victory since a 1991 war against rebel Serbs. Under a deal worked out with the United Nations, Mr. Zec and his comrades handed in their arms with the assumption that they would be bussed to relative safety in Serbian-held territory in Bosnia in an operation supervised by the United Nations.

But late Thursday that deal collapsed when the Croatian government changed its mind.

Once the Serbs were disarmed, Croatian troops violated the agreement by moving into villages around Pakrac, a scene of heavy fighting earlier in the week. Late Thursday night, they lined up more than 1,000 fighters and sped them away in buses to three detention centers in Croatia. One of them was here in Varazdin.

The UN Security Council sharply rebuked Croatia on Thursday for rounding up Serbian civilians.

"It's hard to escape the conclusion that what they did was really cynical," said a Western official, speaking of the government move. "They saw this as an opportunity of using us to disarm these guys and then moving in to search for whom-ever they wanted to find."

[European Union monitors cleared the Croatian Army on

Friday of allegations that it had mistreated defeated Serbian soldiers. Reuters reported from Zagreb. The EU monitors dismissed earlier reports by UN officials that the Croatian Army had abused Serbs who fought on after a cease-fire was agreed on Thursday but then surrendered.]

Lo decided to break the agreement, Croatia showed that it did not need the UN mission to legitimize the recapture of about 500 square kilometers (200 square miles) of territory held by rebel Serbs since 1991.

In searching itself for "war criminals," it implied that it did not expect the International War Crimes Tribunal in the Hague to do its job.

"We've got to do all of this by ourselves," said a senior official from the Defense Ministry. "No one's going to help us."

Only European Union officials were allowed by the Croatian government to monitor the transfer and interrogation.

"We're telling the UN they're no longer needed here," said the Croatian official. "They've done nothing really. Why should we pay any attention to them?"

But to Mr. Zec and the other fighters on the grass in front of the School Sports Center in this northern Croatian town, the UN mission was their only hope.

"Up until now everything has been O.K., no beatings," said Celo Vidic, 57, from a village near Pakrac that was overrun earlier this week. "But maybe it's because Western journalists are here. What happens when you leave and there's no United Nations? Nobody will see us then."

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### Russian Said To Bump Aid For Furniture

Agence France-Presse

**MOSCOW** — The speaker of Parliament's lower house arranged to have personal furniture flown to Russia from the United States on a special flight, instead of a cargo of humanitarian aid for needy children, a newspaper reported Friday.

The speaker of the State Duma, Ivan Rybkin, bought the furniture outside Washington, and the Russian Embassy arranged for it to be loaded free of charge onto a special plane.

A member of the 57-

member delegations accompanying Mr. Rybkin on his visit to the United States ordered a Russian Embassy official to leave behind 106 crates packed with children's clothes and toys and instead load Mr. Rybkin's furniture onto the plane, the paper said.

Among the Danes who consumed one to two glasses of wine a day, there was also a significant but lesser reduction in deaths.

American researchers familiar with the study challenged its conclusions and cautioned against increasing alcohol intake — whether as wine or any other beverage — above two drinks a day.

The findings were to be reported Saturday in the British Medical Journal by a research team led by Dr. Morten Gronbaek of the Danish Epidemiology Science Center in Copenhagen. The study, begun in 1976, was financed by the Danish National Board of Health.

As has been found in many other studies, the greatest benefit to wine drinkers was a decreased risk of dying of cardiovascular diseases — coronary heart disease and strokes caused by blood clots.

As in previous studies, among those who consumed three to five drinks of hard liquor a day, the death rate due to all causes rose, in this case to a third higher than the death rate among those who drank no hard liquor.

But unlike the vast majority of previous studies, the new Danish study did not reveal a significant life-prolonging benefit from drinking moderate amounts of beer or liquor.

## Chechens Deny Plans To Disrupt V-E Day

Reuters

GROZNY, Russia — Separatist rebels in Chechnya shot down a Russian plane on Friday and denied allegations they were planning major attacks to coincide with Victory in Europe celebrations next week.

A statement from the Chechen general staff, read out over the telephone, said rebels would keep fighting to a minimum when around 50 world leaders attended ceremonies Tuesday in Moscow to mark the anniversary.

The general staff states officially that no special combat operations have been planned or are being planned" for May 9, said the statement, read by Movladi Udogov, the chief Chechen spokesman.

The statement accused Russian troops of violating a unilateral moratorium the Kremlin had declared until May 12 and said "wide-scale" combat was continuing in Chechnya.

A senior Russian commander told the Interfax press agency that his troops were planning "many surprises" for the rebels, who have infiltrated Grozny, the shattered capital, since it fell in February.

Rebels shot down a Russian plane near the eastern village of Serzhen-Yurt while it was on a reconnaissance flight, the Itar-Tass press agency quoted military sources as saying.

Mr. Udogov confirmed a plane had been downed and said the pilot was killed.

Russian helicopter gunships raided the rebel-held village of Baumit in western Chechnya on Friday and artillery pounded it during the night, witnesses said. They said Russian troops had looted and destroyed houses.

■ Clinton Sees Activist

President Bill Clinton has met with a key Russian rights activist who described horrors of the war in Chechnya and urged Mr. Clinton to press the matter next week in Moscow, Agence France-Presse reported from Washington.

## BRIEFLY EUROPE

### Court Upholds U.K. Seizure of Jet

STRASBOURG — The European Court of Human Rights rejected on Friday charges by Air Canada that Britain had illegally seized one of its planes after finding drugs hidden on board.

The court, in a 5-to-4 ruling, said that there had been no violation of the company's rights to ownership after customs officials seized the jet at Heathrow Airport in 1987.

Air Canada had contended that Britain had no right to seize the plane since the airline was unaware that smugglers had hidden 330 kilograms (730 lbs) of cannabis resin aboard.

But the court found that the British action "conformed to the general interest in combating international drug trafficking." It also said that the seizure of the aircraft had not involved a transfer of ownership. (Reuters)

### Spanish Farmers Call for a Boycott

MADRID — Spanish farmers said Friday that they were preparing a nationwide boycott of French products in response to what they called "continual aggression" against Spanish agricultural produce.

The farm group ASAJA said that in addition to attacks on Spanish produce in transit and in storage, French farmers had mounted a "blackmail" campaign against French distributors, who had since stopped buying from Spanish farmers.

The most effective method to combat these aggressions against our products is a generalized and global boycott by Spanish consumers of any product with a French label," the group said. (Reuters)

### More Woes for Milan Magistrates?

ROME — The magistrates whose investigations into graft rocked Italy's old political class were in the eye of a new storm Friday after a report that they faced disciplinary action.

Commentators said the dispute could further weaken the Milan-based magistrates, who face political challenges to their work amid a drop in public interest in the so-called "clean hands" investigations.

Tiziana Maiolo, a supporter of former Prime Minister Silvio Berlusconi who heads the Parliament's Justice Commission, said she had learned that disciplinary action against four magistrates had been ordered by Justice Minister Flippo Mancuso.

She said the magistrates, including Milan's chief prosecutor, Francesco Saverio Borrelli, were alleged to have intimidated Justice Ministry inspectors sent in by the Berlusconi government to examine their investigative methods.

Mr. Mancuso's office declined to comment on her statement.

The result is to throw more shadows of delegitimacy on the Milan Public Prosecutor's Office," the Milan newspaper Corriere Della Sera said. "It's easy to imagine what that means for investigations now under way." (Reuters)

### German Neo-Nazi Group Banned

POTSDAM, Germany — A neo-Nazi organization called Direct Action-Middle Germany was outlawed Friday after officials deemed it could resort to terrorism.

The group, which has 70 known members, had been giving fascist ideological training to youths, Brandenburg state officials said.

"This association glorifies the National Socialist regime and has racist, anti-Semitic and totalitarian thoughts," said the state interior minister, Alwin Ziel. He added that the group "orient[s] itself against the constitution" and that some members had expressed support for the use of terrorist tactics. (AP)

## Drink Up, but Stick to Wine

### 3 to 5 Glasses a Day May Bestow Longer Life

By Jane E. Brody  
New York Times Service

NEW YORK — Another large study has highlighted the potential benefits of alcohol to health and longevity. But unlike previous studies, this one showed that only wine, not beer or hard liquor, was associated with a longer life and that its apparent protective effect was far greater than had been found elsewhere.

The 12-year study, conducted among more than 13,000 men and women aged 30 to 70 who participated in the Copenhagen Heart Study, revealed that those who drank wine daily were much less likely to die during the study period than those who drank beer or hard liquor or no alcohol at all.

"Maybe it has to do with differences in genetics, social support, medical care, or maybe they have straighter roads," he added.

The Danish study did not examine drinking patterns; it just quizzed the participants about the kind and amount of alcohol they consumed.

Dr. Arthur Klatsky, senior consultant in cardiology for the Kaiser-Permanente Medical Center in Oakland, California, echoed Dr. Rimm's explanation and noted that wine drinkers were less likely to reach "high blood-alcohol levels and go out and smash up their cars." He added that wine drinkers tended to be health conscious.

## TRAVEL UPDATE

### Brussels Flights Disrupted by Strike

BRUSSELS (Reuters) — Flights in and out of the Brussels airport were delayed or canceled because of a two-hour strike by air traffic controllers on Friday, and another work stoppage was expected later in the day.

Belgian air traffic controllers stopped work from noon to 2 P.M. and said earlier that another two-hour strike was likely. In all, controllers held several twice-daily two-hour strikes that resulted each time in 100 to 150 flights being delayed or canceled at Brussels' airport.

A spokesman for the air controllers said that their demands included requests for higher grades but that they were not asking for higher pay.

Britain sweltered in unseasonably high spring temperatures Friday, and the heat and a lack of wind sent air pollution readings soaring. Temperatures in parts of the country rose to about 27 degrees centigrade (80 degrees Fahrenheit) for the second day in a row. Hospitals in urban areas issued warnings to asthma sufferers and the elderly. (Reuters)

Swissair suspended flights to Zagreb after the Croatian capital's airport came under fire. The airline said its daily flights between Zurich and Zagreb would be diverted to the Slovenian capital, Ljubljana, with passengers traveling to and from Zagreb by bus.

The largest airport in southern Russia, at Rostov-on-Don, was shut down Friday for four hours, stranding thousands of passengers, because it had failed to pay the weather service, the Itar-Tass press agency reported. (AP)

## Correction

An article in some editions of May 5 incorrectly listed President Bill Clinton's schedule for ceremonies commemorating the end of World War II in Europe. Mr. Clinton will take part in ceremonies in Moscow, while Vice President Al Gore will participate in those in London, Paris and Berlin.

# Close Clinton Adviser Is Focus of Whitewater Inquiry

By Ann Devroy  
and Susan Schmidt  
*Washington Post Service*

**WASHINGTON** — Bruce Lindsey, the White House lawyer who is one of President Bill Clinton's closest friends and advisers, was notified in February that he was a "target" of the Whitewater independent counsel, sources said.

Confirmation of such notification added new force to signals that the independent counsel was focusing his attention on Mr. Lindsey and his role as treasurer of Mr. Clinton's 1990 gubernatorial campaign in Arkansas.

A former Arkansas bank official who is cooperating with federal prosecutors is prepared to tell a grand jury that Mr. Lindsey and others

asked him to conceal from the Internal Revenue Service large cash withdrawals by the campaign, according to a source close to the inquiry. Mr. Lindsey has denied any wrongdoing.

Mr. Lindsey has served Mr. Clinton for most of his political life. In the White House, he officially serves in the counsel's office, but has a far broader role, frequently traveling with the president as a troubleshooter and aide-de-camp and offering him political advice.

White House officials said Thursday that Mr. Clinton had been kept informed of the status of the investigation. The president retains confidence in Mr. Lindsey, they said, and would not ask him to step aside before the investigation was resolved.

"The president has known of the status of the Lindsey inquiry for some time and is convinced

he has done nothing wrong," said the White House press secretary, Michael McCurry.

Mr. McCurry declined to confirm that Mr. Lindsey had received a letter from the independent counsel. He said that in the Clinton administration such a notification would not require an official to step aside. The investigation of Mr. Lindsey, he said, "relates to matters that occurred years ago and are unrelated to his work at the White House."

Lawyers said federal prosecutors send "target" letters to individuals to warn them they could be subject to indictment.

Sending the letter does not mean an indictment is inevitable, and numerous defendants in criminal cases have been indicted without receiving such letters. But lawyers said such a letter was evidence of an intent to prosecute.

Prosecutors are faced with a May 25 statute-of-limitations deadline, so White House aides have known for some time that Whitewater charges could be brought this month.

On Tuesday, Neil Ainsley, an Arkansas banker, pleaded guilty to misdemeanors, and investigators said he would tell a grand jury that Mr. Lindsey and others instructed him not to report the campaign's cash withdrawals to the IRS.

Mr. Lindsey's lawyer said that any allegations that Mr. Lindsey instructed Mr. Ainsley to avoid filing proper documents were "absolutely wrong," and that he had violated no laws and done nothing wrong in his handling of the Clinton campaign's finances.

In addition, the White House counsel, Abner J. Mikva, strongly defended Mr. Lindsey this week, saying he expected he would stay in his job.



**CHANGE OF HEART** — The president emeritus of Cornell University, James A. Perkins, placing Thomas W. Jones's arm after he named a prize for racial understanding for Mr. Perkins. Mr. Jones led a black-student rebellion in 1969 that forced the president to quit. Now he credits Mr. Perkins for crafting early drives to enroll blacks.

## Away From Politics

• A man described as a "narco-terrorist" and convicted in a 1989 bomb attack on a Colombian jetliner was sentenced in New York to 10 life prison terms. The Avianca flight blew up over Bogotá on Nov. 27, 1989, killing 110 people. Dandeneo Muñoz-Mosquera was portrayed at his trial as a hired killer and drug smuggler in the Medellín ring. (AP)

• After revoking decorations for valor last month for three servicemen involved in the accidental killing of an American soldier during the Gulf War, the U.S. Army reissued Bronze Stars to the three for the same inci-

dent, citing "meritorious achievement." (WP)

• The average length of a hospital stay for women who have delivered babies dropped from 4.1 days in 1970 to 2.6 days in 1992, and the decline has not stopped, the Centers for Disease Control and Prevention reported. Cost-conscious insurance companies are urging doctors to send women home sooner after giving birth, health officials said, and some worry that women are unaware of possible complications. (AP)

• Alternative Energy Inc. will donate \$20 million to Choate Rosemary Hall, a Connecticut preparatory school, the company said. The school said the gift from the Bangor, Maine, company was the largest unrestricted donation ever to a private secondary school. (AP)

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## A Grim Search Ends in Oklahoma City

Compiled by Our Staff From Dispatches

**OKLAHOMA CITY** — After 16 days of digging through the rubble of the federal building, rescue workers finished their grim search Friday, even though all the victims had not been found, officials said.

The bombing on April 19

killed 167 people, including a nurse who died during the rescue and two adults who were still missing. Assistant Fire Chief Jon Hansen said. Nineteen of the victims were children.

"To the best of our ability we have turned over every stone we

could that the building would allow," he said. "We had a point where we knew it was as far as we could go. Everybody just looked up and decided that was it."

The last body was removed Thursday.

Among the 20 or so bodies uncovered on the last day of the search were those of three infants who had been in a day-care center on the building's second floor. Identities of the victims, and the names of the two missing, were not released.

"The biggest sigh of relief went up when we found the last baby," said Gibbs Hammond, a chaplain with the Knoxville, Tennessee, fire department. "They wanted to find those three babies worse than anything."

The search became so grim at times that rescue workers looked for blood-soaked insulation to guide them to the bodies. Some carried out bodies so mangled that they were not recognizable male or female.

Fire fighters cut some of the yellow tape strung around the scene, reducing the security zone around the building. Workers with heavy equipment cleared debris from damaged structures nearby.

The nine-story Alfred P. Murrah building, devastated by the truck bomb, will be turned over to the FBI and police to complete their investigation of the case.

The fate of the building is still undetermined. The General Services Administration, which manages federal buildings, is discussing options, including rebuilding on the site or a me-

morial park, Mayor Ron Norick said.

The FBI, which has been combing the debris, expects to finish its search soon, a spokesman said.

In a commencement address

Friday at Michigan State University, President Bill Clinton lashed out at the extremist "militia" movement, calling those who advocate violence against federal workers "un-American."

"How dare you call yourselves patriots and heroes?" he said. "If you say violence is an acceptable way to make change, you are wrong. If you say the government is in a conspiracy to take your freedom away, you are just plain wrong."

Mr. Clinton added: "This is a very free country. Those of you in the militia movement have broader rights here than you would in any other country in the entire world."

Timothy McVeigh, 27, who has been linked to right-wing paramilitary militia groups, is the only person so far charged with the bombing.

Carl Stoehr, a former employee at a hardware store in Kingman, Arizona, said he told agents that Mr. McVeigh bought a 50-pound bag of ammonium nitrate fertilizer — a component of the Oklahoma City bomb — from the store sometime between February and April 1994, when Mr. McVeigh worked there.

Mr. Stoehr also said that a few days after that purchase he discovered the remaining supply of ammonium nitrate — three bags — was gone.

(AP, NYT, Reuters)

## AMERICAN TOPICS

### Fluoride Helps Teeth To Chomp A Lifetime

False teeth are rapidly becoming a thing of the past. Science has advanced so far, so rapidly, that most of the "fluoride generation" can expect a life without losing teeth to disease or decay. Linda Nielsen of the Baylor College of Dentistry told a conference of the American Medical Association.

She said people born after 1946 had spent virtually their whole lives benefiting from fluoride. The tooth-protecting chemical has been applied in dentists' offices or added to toothpaste and community water supplies for about 50 years.

The result, Dr. Nielsen said, has been a steep reduction in the number of people who lose teeth to decay. And dental science, she said, also has learned to control periodontal, or gum, disease, the other major cause of tooth loss.

Old age, she said, is no longer a reason to lose teeth.

"No one has lost a tooth because they have their 70th birthday," said Dr. Nielsen. "They lose teeth because of disease, which is now preventable."

### Short Takes

As the suburbs of Scottsdale, Arizona, march relentlessly toward the foothills of the rugged McDowell Mountains, the city of 165,000 is moving to preserve its heritage from suburban sprawl. It plans a special tax that would raise \$240 million over the next 30 years to buy the entire 26-square-mile range from private owners. The tax increase would average \$20 a year per family. Mayor Herb Drinkwater, leading the

campaign, says, "Once they're gone, they're gone."

A California appeals court overturned a man's sexual-assault conviction because a jury with an IQ of 66 was judged incapable of understanding trial proceedings.

The court in Fresno ordered a new trial for Randall Bailey Pierce, who had been sentenced to 14 years in prison. The juror's mental ability was not disclosed in pretrial questioning. In a post-trial hearing, however, a psychologist said the woman had a short attention span, was unable to fully understand testimony and lived in a supervised home.

The cat's whiskers: that's what souvenir hunters have been going for wherever Fernando Botero's 11-foot, 2,500-pound bronze sculpture "The Cat" goes, so goes an extra box of bronze whiskers, each about 3 inches long. "We've already run out of spares," a spokesman said. "You try to keep an eye on it, but it's designed so that people can come up and touch it. People want a souvenir, I guess."

When thick smoke filled the cabin of a Northwest Airlines plane 30,000 feet (9,000 meters) over North Dakota, Jeff Shrouds turned to his girlfriend, Jody Nichols, and proposed marriage. Miss Nichols accepted. "If things got really bad, I thought the captain could marry us on the way down if we were going to crash," he said. The plane made an emergency landing in Bismarck and no one was injured. Northwest officials said the smoke apparently came from an overheating unit on the air conditioning unit on the Airbus 320.

International Herald Tribune

could that the building would allow," he said. "We had a point where we knew it was as far as we could go. Everybody just looked up and decided that was it."

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## Simpson Judge Gets Impatient Jurors Rolling Their Eyes Over Repetition

The Associated Press

**LOS ANGELES** — Jurors in the O.J. Simpson murder trial are so weary of repetitive questions that they're "rolling their eyes," the judge said Friday during a testy exchange with a prosecutor.

Superior Court Judge Lance A. Ito, who has shown increasing impatience with the pace of the trial since a juror revolt last month, lashed out at a prosecutor for his line of questioning of a police crime-lab official.

Gregory Matheson, an assistant lab director in his fifth and final day of testimony, was questioned repeatedly Friday about why blood may have been missing from a vial of blood that Mr. Simpson gave the day after the murders of Nicole Brown Simpson and Ronald L. Goldman.

The defense contends some of that blood may have been planted on a sock found at Mr. Simpson's house and on a gate at the murder scene. As evidence, the defense says the sock and gate blood may contain signs of a preservative chemical used on Mr. Simpson's blood in the vial.

Throughout the testimony, Judge Ito complained that Mr. Goldberg was wasting time, saying at one point that an issue had been addressed "like six times." Mr. Goldberg pressed on, yet many of his questions were ruled objectionable as repetitious and argumentative.

The dispute came to a head during a hearing outside the jury's presence. At the FBI results showed that the blood under Mrs. Simpson's fingernails was consistent with her blood.

Those results, if believed by the jury, contradict the defense contention the fingernail blood belong to a killer the police have yet to find.

The results also could render moot many tedious hours of testimony by Mr. Matheson over whether the less-sophisticated conventional serology tests conducted on the blood were accurately interpreted.

But Judge Ito cut him off in mid-sentence. "We're in recess," the judge said, leaving the bench.

Mr. Matheson said it was his "understanding" that sophisticated DNA tests showed that the blood under Mrs. Simpson's fingernails was consistent with her blood.

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# As France Votes, Candidates Push Ideology of Change

By Joseph Fitchett  
International Herald Tribune

**PARIS** — In a final burst of campaigning, the Socialist candidate, Lionel Jospin, claimed Friday to be within reach of an upset victory against his conservative opponent, Jacques Chirac, who warned France against "the danger" of choosing a leftist as president in the election Sunday.

Both candidates, sensing a national mood of frustration and pessimism, ran as apostles of change, but failed to overcome skepticism among many voters.

Mr. Jospin retains ideas and allies inherited from discredited Socialist governments under President François Mitterrand, and Mr. Chirac has been unable to shake a reputation for being more erratic than his best aides.

With neither man appearing to have won commanding presidential stature, both camps were battling to mobilize their own ranks as the campaign became a left-right confrontation.

As a gesture to centrist voters, Foreign Minister Alain Juppé, who is expected to be the next prime minister if Mr. Chirac wins, pledged that cabinet posts would be split equally between his own Gaullist party and smaller center-right parties, which supported Prime Minister Edouard Balladur until he lost in the first round of voting two weeks ago.

That rivalry left ulcers in conservative ranks,

which the cabinet offer is designed to end. The pledge of ministerial jobs for centrists could also reassure voters that Mr. Chirac, despite some ambiguous signals, is committed to close European cooperation and economic modernization.

To reinforce this appeal, Mr. Chirac was making his final campaign appearance Friday, in Lyon to get a public blessing from Raymond Barre, a former prime minister. It is precious support because Mr. Barre, besides having

## NEWS ANALYSIS

strong credibility on international issues, also is a conservative who traditionally has been wary of Gaullists, notably Mr. Chirac.

A call for conservative solidarity has already come from some prominent Barre disciples who accepted ministerial posts in Socialist governments in the 1980s. In an unusual collective move, they have backed Mr. Chirac and denounced Mr. Jospin as "a strictly doctrinaire Socialist" and a man who could not be trusted to lead France toward bipartisan cooperation.

Their charge echoed a major theme of Mr. Chirac's closing campaign, that Mr. Jospin's election would plunge the country into a political gridlock, with power shared between newly elected Socialist president and a strongly conservative Parliament. That situation, a new version of the current power-sharing with Mr. Mitterrand, could paralyze government and expose the

country to a risk of social upheaval, according to use political will to change the economic and social context of the nation.

Regardless of whether he wins the presidency Sunday, Mr. Jospin has already won in one sense: His success in mobilizing a national following, on a scale that no one imagined possible a month ago, has dramatically restored the French left's self-confidence.

During the campaign, Mr. Jospin, a former education minister, has blossomed into a personable politician who seems candid, bright and combative. In contrast to Mr. Mitterrand and to Mr. Chirac, he has an informal personal style, including a hint of modesty when he announced that, if elected, he would shorten the presidential term to five years.

Responding to accusations that his election would mean seven more years of Socialist rule, Mr. Jospin now retorts with a question: "So, why not try five years with a social democrat?"

Paradoxically, both the candidates have run on a similar theme: that the next president can transform the nation and stamp profound changes on the international scene, including the currency markets, U.S. trade and the shape of Europe.

Even allowing for electoral rhetoric, this approach runs sharply counter to the tendency in most Western democracies to emphasize international constraints on governmental action.

Mr. Jospin and Mr. Chirac convey an image of a nearly omnipotent French presidency that can

use political will to change the economic and social context of the nation.

For example, relations with France's allies, notably with the United States, were ignored in the campaign almost completely, so voters could comfortably assume that the next president can easily cope with any threat to France's security.

On issue after issue, the same assumption prevails that the right ideas suffice to bend reality to a satisfying shape.

This approach stems partly from a peculiar feature of the campaign: Each candidate ran against an incumbent regime from his own party — in Mr. Jospin's case, the Mitterrand presidency; in Mr. Chirac's, the Balladur government.

By emphasizing the role of the next president, both candidates have sought to distinguish themselves without repudiating their own political camps.

In addition, both were stamped with a lesson from the Mitterrand era, when national disillusion gradually gained ground as the Socialist president left more decisions in the hands of the top levels of the bureaucracy, starting with the decision in 1983 to accept economic orthodoxy.

No matter how deftly the new incumbent handles it, the letdown from expectations that the French president can be a master of the universe could involve some destabilizing moments.

## CHINA: Bitter Memories of War

Confirmed from Page 1

1972 treaty reestablishing diplomatic relations.

Mr. Murayama has made a number of efforts to ease such feelings. Twice in the past year, cabinet members have been forced to resign over statements they made minimizing Japan's wartime aggression. More recently, Mr. Murayama's Social Democratic Party had sought passage of a legislative resolution that would have expressed Japan's apologies prior to the prime minister's visit here. But many members of the Liberal Democratic Party — the Socialists' partner in the ruling coalition — argued that Japan has already apologized enough.

Mr. Murayama also seemed to be trying to acknowledge the brutality of the Japanese occupation during his trip here by visiting a museum documenting Japanese wartime atrocities. Bejing has kept such memo-

ries alive in other ways as well, most recently by releasing a feature film about the infamous Rape of Nanjing, where Japanese troops killed 200,000 to 300,000 people, many of them civilians. Still more horrifying reminders of the war are the 2 million unexploded gas shells that retreated Japanese soldiers left behind and that the Chinese government has asked Japan to help dismantle.

False Alarm at U.S. Embassy

Reuters

BRUSSELS — A bomb alert at the U.S. Embassy in Belgium on Friday turned out to be a false alarm after a suspect package from Lebanon was discovered to contain only paper, police said. The building was evacuated, the bomb disposal service brought in and the area around the embassy in central Brussels temporarily cleared.

## FRANCE: Markets Try to Pick Lesser of 2 Fiscal Evils

Confirmed from Page 1

public could seriously embarrass the Russian leader.

In London, meanwhile, Queen Elizabeth opened a weekend of commemorations to mark 50 years of peace in Europe, paying tribute to those who died in the war and calling on Europe not to squander the victory over fascism.

In a rare address at Westminster Hall to both houses of Parliament, the monarch asked the nation to show gratitude for the sacrifices that forced Nazi Germany into surrender.

"Together we thank God for the victorious end to that titanic struggle of 50 years ago," the queen said in opening the Victory in Europe commemorations. "In defending ourselves we were defending the liberties of the whole world."

She said that Britain "must remember especially those who did not come back."

"It is to their courage and heroic sacrifice that we owe our celebrations today," she continued. "Let us therefore offer a prayer for them and for the countless victims of Nazi persecution."

And in Amsterdam, thousands poured into the streets to thank the Canadian troops who liberated the city from the Germans. With "Happy Days Are Here Again" blasting from their cavalcade, the veterans were swamped by jubilant people waving signs that read "Thank You Our Liberators."

The formal anniversary of V-E Day is Monday, when national leaders will gather in Paris and Berlin to mark Germany's surrender on May 8, 1945.

(Reuters, AP)

## ISLAM: Even After Decades, the Muslim Immigrant Population in Europe Still Doesn't Fit In

Confirmed from Page 1

perception of militant Islam as a menace in Europe is greater than the reality," said François Burqat, an expert on militant Islam at the National Center for Scientific Research at Aix-en-Provence, France.

The fears, however exaggerated, have been fed by the arrest in Europe of scores of Muslim militants, mostly from North Africa, on charges of stockpiling weapons and explosives for use back home.

Islam's recent and highly visible presence in Europe has run into resistance, analysts say, for many reasons: bigotry, the religious zeal of some Muslim immigrants, the inability of some new arrivals to adapt to a dominant European culture, the alienation that is common among Muslim youths.

In Herleent, a Dutch town of 35,000 near the German border, Sheikh Ahmed Ali Saroukh fidgeted with a cup of tea in a grimy factory that was transformed several years ago into

Masjid Al Nour, the Mosque of Light, as he pondered how to turn the town into a center of Islam.

The preacher, who came to Herleent about five years ago from Morocco, wants to put a minaret on the building, topped by a loudspeaker to broadcast the call to prayer five times a day, starting at dawn.

He advocates that Dutch women who teach in Herleent wear a veil when teaching Muslim children and that boys be segregated from girls.

He also wants the local hospital to build a mosque for the handful of Muslim patients and to serve them meat prepared under Islamic regulations. There are about 750,000 Muslims in the Netherlands, out of a total population of 15 million.

"The fact that they allow us to have mosques does not mean they love us," Sheikh Saroukh said, stroking his graying beard.

"On the contrary, they fear us," he said. "The proof is that they are fighting us every step of the way as we try to claim our

rights. They have different values from us. The Dutch man and his wife work. They raise dogs, not children. We want our women to raise children and stay protected at home."

While Sheikh Saroukh attributed the failure to achieve his

Muslims in Marseille, religious militancy has also widened the generational divide.

Mohammed Jashi, 32, a Moroccan mechanic who lives in Venlo, the Netherlands, wants to become part of Dutch society.

The Muslim population is stymied by cultural values it does not share, having done little to integrate over the years.

goals to Dutch discrimination, his principal obstacle is Herleent's deeply divided population of 2,500 Muslims from Morocco, Turkey and some Arab countries, many poorly educated and unemployed, heavily dependent on the generous Dutch welfare system.

The mosque attracts a minority of older-generation Moroccans. But whether it is a small Muslim community in nearby Aachen, Germany, or a large one like the estimated 150,000 largely North African

Some times militants here ask for ridiculous things, like segregated schooling," he said. "We didn't have that in Morocco. I went to a mixed school until I left at 15 to join my father. My heart remains in Morocco, but my head says we stay here where my family is better off."

And in Herleent, a breakaway group of Muslims established its own mosque in space lent by a liberal Christian missionary center a few blocks away on Putgraaf Street. There, a 32-year-old Palestinian named Khalil Shahine was contemptuous of Sheikh Saroukh.

"Before conquering Europe for Islam, which is a hope, we should concentrate on building up our poor, illiterate societies, our people, with education and knowledge," Mr. Shahine said.

Mostapha Daloui, 36, a physician by training who accepted a job as a social worker in Venlo after learning Dutch but failed to land a job in his area of expertise, said that repeated rejection was pushing him to avoid assimilation into Dutch welfare system.

"I came by choice from Morocco, equipped with a fair idea of Western societies," he said. "But until now I can't understand what they mean by integration."

"I want to be a Muslim living in Holland," he continued. "But that does not mean I want to melt completely in this society and disappear, which is what the Dutch want. When I say that I speak to my children in Arabic, they answer: You are a racist. I am just trying to teach them some of the tradition."

In the end, such efforts to dress a man — who by most other accounts was a small-time, troubled loser — in the garments of heroism not only seem like a perverse misreading of a historical personage but also reflect an unwillingness (not unlike that displayed by conspiracy theorists) to acknowledge the possibility of historical absurdity and random disorder.

"When I came here, I didn't think much of religion," he continued. "Like most who came here, I was illiterate, but the living was good and there was no friction. They treated us well, and we behaved better than the young generation now."

"I now find myself praying regularly," he said. "My children have had problems in school. Some have dropped out. So now, when I look back, I can't blame it on the Dutch really, but it is true they have become resentful of foreigners and we are not doing as well as we used to."

The problem, Mr. Bariki said, is not Islamic militancy but unemployment, in a country where more than 12 percent of all workers are jobless, with far more than that unemployed among the immigrants.

Despite lack of evidence that militants have made significant inroads, some officials believe that Europe is in danger of being taken over by a wave of fundamentalism.

Leila Yehia, 36, a sociologist in Marseille, is a daughter



President Yeltsin retrieving the Order of Zhukov after it fell the first time from General Abramov's uniform.

## An Ornate Medal Ceremony Proves Touchy for Yeltsin

The Associated Press

MOSCOW — President Boris N. Yeltsin awarded Russia's highest military honor to 15 World War II heroes Friday, but suffered an embarrassing moment on live television when the first medal fell off the uniform of its recipient.

Scores of top generals and dignitaries fidgeted silently in the ornate St. George's Hall at the Kremlin as Mr. Yeltsin spent a full minute pinning the new Order of Zhukov on the uniform of Konstantin Abramov, a retired colonel-general.

Mr. Yeltsin lost parts of at least two fingers on his left hand in a childhood accident.

As the two shoo hands moments later, the medal fell to the red-carpeted floor. Mr. Yeltsin retrieved it and returned it to General Abramov's chest, only to see it fall off again.

## Events to Mark the War's End

Reuters

Following is a timetable of events commemorating the 50th anniversary of the end of World War II in Europe (all times GMT):

MAY 7

LONDON — Opening ceremony for three-day event in Hyde Park, attended by the Queen Mother and Princess Margaret (1000).

Reception and banquet for about 60 heads of state and government, with Queen Elizabeth (1700).

LONDON — Peace service at St. Paul's Cathedral, with Queen Elizabeth (1800).

President François Mitterrand reviews troops along the Arc de Triomphe (0030).

CEREMONY — Opening of new synagogue, including speeches by Ignatz Bubis, leader of the German Jewish community, and Chancellor Helmut Kohl (1700 GMT).

MAY 8

LONDON — Jet flyover, fireworks and concert at Buckingham Palace (1720).

Audience lighting ceremony in Hyde Park, with two minutes of silence for the dead (1800).

MOSCOW — Heads of state and government attend celebrations on the Champs-Elysées and of Arc de Triomphe (0030).

President François Mitterrand reviews troops along the Arc de Triomphe and lays a wreath, followed by a military display and parade with three orders (1700).

MOSCOW — President Boris N. Yeltsin and foreign dignitaries lay wreaths at the Tomb of the Unknown Soldier (0030).

ST. PETERSBURG — Laying of wreaths of memorials to victims of Nazi blockade of Leningrad (1700).

BERLIN — Gathering, attended by Chancellor Kohl and other leaders, including concert and short reception (1600).

MAY 9

MOSCOW — Veterans' parade across Red Square (0900).

Military parade on Poklonnaya Hill (1000).

Reception given by President Yeltsin for foreign dignitaries and war veterans (1400).

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# A Market for Human Organs

## 2 Chinese Refugees Detail Transplant Sales

By Catherine S. Manegold  
New York Times Service

**WASHINGTON** — Two Chinese refugees — one a former political prisoner and one a former police official — testified in Senate hearings on Thursday that the Chinese government removes organs from executed prisoners and sells them for use in medical transplants in state-owned hospitals.

The recipients of the organs, they said, are usually top Chinese officials or foreigners from Hong Kong, Japan, Britain, and the United States who need either kidney or cornea transplants and can afford to pay for the operations in foreign currency.

"Basically, they look at the prisoner's body as whatever they want it to be," said Gao Peiqi, a former member of China's Public Security Bureau who now lives in exile in London. "They would take the prisoner's skin, if necessary."

Mr. Gao, whose testimony was translated from Chinese, described a prison system so entwined with China's hospitals that executions are scheduled and sometimes ordered in concert with transplant demands.

Another witness, Harry Wu, a former political prisoner who runs a human rights foundation and is a research fellow at the Hoover Institute at Stanford University, described the transplant system as an "open secret" that China does not want exposed abroad for fear of political retribution and pressure to end what has become a lucrative trade.

The hearing Thursday, conducted by Senator Jesse Helms, Republican of North Carolina, but attended only by Senator Charles S. Robb, Democrat of Virginia, provided a harrowing view into a world in which ethical checks and balances of U.S. practices do not apply.

Several witnesses said that the testimony showed the United States should take a harder stance against China. A year ago, President Bill Clinton severed the relationship between China's trade status with the United States and its human rights record.

## Lewis T. Preston Is Dead at Age 68, President of World Bank Since 1991

Compiled by Our Staff From Dispatches

**WASHINGTON** — The World Bank president, Lewis T. Preston, died Thursday following a long battle with cancer. He was 68.

Mr. Preston assumed the presidency of the World Bank in 1991, having served as chairman and chief executive of J. P. Morgan & Co. He had planned to retire from the bank at the end of May.

The World Bank lends money for projects in developing nations.

"Lewis Preston provided a quiet, firm leadership that has transformed the bank," said Richard Frank, acting president of the bank. "He cared deeply about this institution, and we care deeply for him."

Mr. Preston, a native of New York City, graduated from Harvard in 1951 and had been

captain of the U.S. Olympic ice hockey team in 1948.

He will be succeeded at the World Bank by James Wolfensohn, an international investment banker.

Mr. Preston guided the World Bank through the early and difficult stages of helping the former Soviet Union join the world of market-based economies. Eventually, all 15 of the former Soviet republics joined the bank, as did eight other countries during his tenure.

Katherine DeMille Quina, 28, adopted daughter of the film director Cecile B. DeMille and ex-wife of the actor Anthony Quinn, whose 15-year acting career included parts in "Call of the Wild," "Unconquered" and "The Gambler," died April 27 of Alzheimer's disease in Tucson, Arizona.

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Mr. Preston, a native of New York City, graduated from Harvard in 1951 and had been

Mr. Gao, describing the public executions, said that prisoners are made to kneel before being shot in the head or heart before their bodies are rushed into waiting vans where surgeons remove critical organs while the bodies are in transit to local crematoriums. Prisoners whose corneas are to be used are shot through the heart, he said.

While the organ removals are done under a cover of secrecy, the executions themselves are quite public. Citizens are called together to observe the death-row prisoners in their final moments. At times, as many as 15,000 people may gather in a sports arena or other large auditorium for the event.

No firm figures reflect the number of organ transplants obtained from prisoners each year, witnesses said. But estimates ranged from 2,000 to 10,000, with most operations involving the replacement of failed kidneys and corneas.

Mike Jendrzejczyk, the Washington director of Human Rights Watch/Asia told the Senate committee that as many as 65 offenses now qualify prisoners for death sentences. Among them are crimes that range from bicycle theft to embezzlement, political dissent, and more serious violent crimes.

### ■ Strict Crime Bill Is Weighed

China is considering legislation that would mandate the death sentence for a wider range of crimes than at present, officials said. The Associated Press reported from Beijing.

Executions already are widely imposed for many major cases of corruption and economic crimes. The new legislation being discussed by the Standing Committee of the National People's Congress would extend the sentence to less serious crimes, the China Daily newspaper reported.

The primary target of the new law is counterfeiters, said Lang Shen of the committee's legal affairs commission. Although executions already have been reported for the printing and distribution of fake currency, this law would allow the death sentence also to be imposed on those who knowingly use fake bills, he added.

## Monitors Of Korean Armistice Won't Quit

Compiled by Our Staff From Dispatches

**SEOUL** — A group of third-country monitors of the Korean armistice said Friday that they would continue to carry out their duties despite North Korea's attempt to dismantle the cease-fire regime.

The Neutral Nations Supervisory Commission, established at the end of the 1950-53 Korean War to monitor the armistice, made the announcement after an emergency meeting of commission members in Seoul.

Senior officers from Sweden, Switzerland and Poland met to discuss steps to counter a North Korean ban on their entry to Communist territory.

The Swedish and Swiss members will continue to hold weekly meetings at the headquarters of the NNSC in Panmunjom, the statement said.

North Korea is seeking the dismantling of the commission in an effort to open bilateral peace treaty negotiations with the United States. On Wednesday, Seoul said that monitors would be prohibited from crossing the border at Panmunjom without permission and that commission facilities in Panmunjom under the North's control would be "sealed completely."

Pannamjung is the only point of contact between the two Koreas along their 250-kilometer (155-mile) border.

Poland, which represents the North on the commission, said Friday that it would remain a commission member. The North refused in 1993 to let the Czech Republic take over the duties of Czechoslovakia on the commission.

South Korean radio monitors said Friday that the North had defended its stand in a radio broadcast as a "legitimate, self-defensive measure to protect the sovereignty and pride" of North Korea.

(AP, Reuters, AFP)

The failure to find a venue for presidential talks also calls into question the policy of strategic "engagement" that the Clinton administration says it is pursuing with China. It comes at a time when the Chinese leader has emerged from a significant internal power struggle in advance of the death of Deng Xiaoping, the country's 90-year-old paramount leader.

"The president is depriving himself of an opportunity to take a measure of Jiang Zemin at a very interesting time," said one Western observer.

(NYT)

### Quake Shakes Kobe Region

The Associated Press

**TOKYO** — A moderate earthquake Friday with a preliminary magnitude of 4.3 shook the Kobe area in western Japan that was devastated by an earthquake Jan. 17. There were no reports of damage or injuries.



WAR PAINT — Kenichi Takahashi, 13, waiting with two other youngsters Friday to perform in a Kabuki in Tokyo.

## BRIEFLY ASIA

### Chill on U.S.-China Ties

**BEIJING** — In a sign of growing dischantment in their relations, President Bill Clinton and President Jiang Zemin of China have decided not to meet for formal talks during celebrations in Moscow next week marking victory in World War II.

Though spokesmen for both governments said Friday that tight schedules preclude a presidential tête-à-tête, Chinese officials and Western observers indicated that serious political disputes and an overall souring of high-level relations was to blame.

Foreign diplomats questioned whether Mr. Clinton was seeking to spare himself an open confrontation with both Russia and China over the plans announced by both governments to sell nuclear reactors for power generation to Iran.

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(NYT)

Four Thai gunships were involved in the attack on the camp of the Burmese-government-backed guerrillas on the west bank of the Salween River opposite the Thai village of Mae Sam Laep, the army source said.

The attack followed a Thai warning that its forces would chase the guerrillas across the frontier and hunt them down if they continued cross-border raids on Karen ethnic refugees in Thailand. (Reuters)

### Khmer Rouge Hunted

**PHNOM PENH** — Cambodia's political leader said Friday that he had ordered a warrant issued for the arrest of the Khmer Rouge commander accused of killing three Western hostages.

Prince Norodom Ranariddh, who holds the position of first prime minister, said authorities believed that the commander, Nuon Chea, was in southwestern Cambodia preparing to retake a Khmer Rouge base authorities seized late last year after the hostages were killed.

"I think we have detected him," Prince Ranariddh said, adding: "Mr. Paet is a murderer and we have to catch him and bring him to trial." (AP)

Koo Chen-fu, chairman of the Straits Exchange Foundation, which handles contacts with China, said the organization would propose that the meeting be held in July in Beijing. (AP)

### For the Record

North Korea and the United States will restart talks aimed at removing doubts over Pyongyang's nuclear program May 15, the Japanese television station TBS said in Tokyo on Friday. (Reuters)

Nepal's army chief has resigned, admitting moral responsibility for a corruption scandal that led to the dismissal and imprisonment of army officials, including senior officers, officials said in Kathmandu on Friday. (Reuters)

### VOICES From Asia

Jo Ruxton, Worldwide Fund for Nature spokeswoman, on a Hong Kong plan to put an aviation fuel depot in the middle of the feeding ground for endangered pink dolphins: "This is the biggest joke ever to come from a government department. How do you drive an oil tanker in a dolphin-friendly manner?" (Reuters)

Sarah Stuttiford, British author of the recently published "Burma, The Alternative Guide," on the military junta's push to promote tourism: "It won't bring prosperity to the majority of the people but will further line the pockets of military generals." (AP)

### Taiwan-China Meeting

**TAIPEI** — Taiwan will seek its first top-level meeting with China in two years in a bid to resuscitate the faltering dialogue between the two rivals, officials said Friday.

A meeting between heads of the two sides' semi-official negotiating bodies would be the first since their talks in Singapore in April 1993, which ended 44 years of refusal to enter into dialogue.

### GOING ONCE, TWICE, SOLD!!!

### INTERNATIONAL ART EXHIBITIONS AUCTION SALES' COLLECTOR'S GUIDES IN SATURDAY'S INTERNATIONAL HERALD TRIBUNE TODAY PAGES 8 & 9

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## EDITORIALS/OPINION

# International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## A United Nations Success

With the April 28 departure of its peacekeeping mission from El Salvador, the United Nations can celebrate a quiet victory. Three years after the initial peace agreement was signed between the Salvadoran government and guerrilla insurgents, a divided society has begun to heal. Lawlessness, human rights abuses and bitter mistrust have given way to the beginnings of a civil society.

For the United States, the UN mission in El Salvador has been a bargain. American taxpayers underwrote a misguided proxy war there during the 1980s to the tune of \$6 billion. Out of a total cost of \$800 million for reconstruction, the U.S. contribution is about \$250 million, and out of UN costs of \$110 million, Washington paid around \$30 million. Other member countries are making up the rest.

But the United Nations provided much more than needed funds for El Salvador. It served as a trusted mediator in a place where trust was in short supply. It presided over elections in which the FMLN, party of the guerrilla insurgents, participated for

the first time as a legitimate political organization. It supervised the demobilization of the guerrilla forces and the hated National Police, the training of a new civilian police force, and the removal of human rights abusers from the armed forces.

Despite these successes, big challenges remain. The reform of the judiciary, one of the goals of the peace process, has barely begun, and no return to civility can be sustained without it. The reintegration of demobilized fighters on both sides has been delayed. Unemployment is at 60 percent. The electoral system is still flawed. Donor countries, particularly the United States, will need to help maintain the reform and healing.

Both sides in the Salvadoran conflict realized that they could not win an outright victory. Both sides were exhausted. Americans' appetite for financing the abusive Salvadoran military was fading. Still, in a time when the role of UN peacekeeping is being questioned, El Salvador stands as a heartening example of success.

—THE NEW YORK TIMES.

## The Deal With Castro

Is it right for the United States to join Fidel Castro in a new immigration scheme that stops the welcoming of Cuban rafters as anti-Communist and instead treats them as illegal aliens? Cuba is, after all, still Communist-run and still a police state. The risks are diminished, however, by the opening of a 20,000-a-year quota for legal Cuban immigrants, by recommitting the U.S. government to a policy of safe, legal and orderly immigration, and by mooting the high physical peril of illegal escape. Florida's feeling of being swamped also had to be weighed.

What about those who, undeterred by the certainty of being sent back, take to the sea, avoid the Cuban net but are caught in the American net? The numbers are expected to be small, but their fate touches the moral quick. The U.S. government intends by shipboard screening to protect those whose lives might be in jeopardy. The others will be met at the Havana dock by U.S. diplomats and accorded normal immigration processing.

Will Cuba respect its assurances to let these procedures unfold? It badly wants that 20,000 safety valve, and its fidelity to its word is on the line. Its good faith has been under test since the foundation

agreement on emigration was signed last September. Of the 20,000-plus rafters the United States had parked in highly volatile limbo at its base at Guantanamo, 995 have jumped the fence or otherwise returned to Cuba on their own, and another 350 went back through official channels. U.S. officials and contacts have monitored both sets. Washington finds no evidence that they have been persecuted.

President Bill Clinton, to dislodge Cubans of the idea they could raft past U.S. immigration barriers, had barred the Guantanamo 20,000. Now, having repackaged the Cuban immigration issue, he is allowing a one-time entry of the 15,000 eligibles. "Undesirables" go back to Cuba, like it or not.

The United States is shifting from a Cold War policy to a less generous but sustainable policy of control and still considerable openness. Fidel Castro is yielding the "Mariel option" (the threat of flooding Florida with prisoners and the like) and otherwise dealing pragmatically. Still, his whole performance, especially his pledge not to punish Cubans repatriated against their will, needs close scrutiny.

—THE WASHINGTON POST.

## Ombudsman for the Jury

The murder trial of O.J. Simpson, which has been in disarray for weeks, is in serious danger of disintegrating altogether for lack of a jury. Seven jurors have been excused or dismissed during the trial. Only five alternate jurors remain, and the trial, now in its fourth month, is far less than half over. At the rate jurors are falling, Judge Lance Ito may be forced to declare a mistrial.

That could happen if six more jurors or alternates are excused, leaving fewer than 12 to hear the case. Under California law, both sides must consent to a trial of 11 jurors or fewer. The defense, generally content with the jury as it is, says it would consent, but Gil Garcetti, the Los Angeles district attorney, has not committed himself.

Mr. Garcetti might be tempted by a chance to start over with a new jury and the hope of avoiding repetition of numerous mistakes made by police and prosecutors so far. But he owes the system some assurance that he will join the defense in pressing the current trial in a verdict — whether it be conviction, acquittal or a hung jury.

While huge audiences may be fixated on this trial, polls show that the longer it drags on the less Americans think of their criminal justice system. The most direct

route to judgment will best serve the interests of justice and save the taxpayers and Mr. Simpson the high cost of another trial.

The Simpson case is unusual for the resources committed to it and the roughhousing of each side's oversized legal teams. There simply have been too many lawyers running relay around the jury, whose latest excused member groaned, "I can't take it anymore." Judge Ito now holds more of those hearings before or after hours, but many jurors have endured too much. They deserve more respect as the heart of the trial system.

It is too late for Judge Ito to act on a haphazard suggestion by Stephen Gillers, a law professor at New York University, to install an ombudsman to help the jurors cope with the sheriffs who guard them and the system that tries their patience. Such a step might refresh the panel and give it the strength to hold together until reaching a verdict.

—THE NEW YORK TIMES.

## Other Comment

### Different Approaches to Iran

Iran, a signatory of the Nuclear Nonproliferation Treaty, is negotiating with Russia and China for help in developing civilian nuclear power. Relying partly on information supplied by Israel, America and others strongly suspect the Iranians are plotting a secret nuclear-weapons program. Any help to Iran's civilian nuclear industry, it is feared, could be put to bomb-making use. The charge is hotly denied by Iran. But, given what nuclear inspectors uncovered in Iraq, this is not a suspicion to be taken lightly.

China and Russia have both ignored the West's agitation. At next week's gathering in Moscow, Bill Clinton will again be bending Boris Yeltsin's ear. He clearly hopes that his voice in demanding fiscal sacrifice from Russia, will carry more

weight now that America has made a sacrifice, too. A skeptical Russia is less important as political shenanigans. No less important, with Europe irritated, the broad front against Russia on this issue may have cracked.

—The Economist (London).

The Clinton administration's decision to sever remaining U.S. economic ties with Iran is in line with Washington's "dual containment" policy toward both Iran and Iraq. It is based on the assumption that as long as Iran is kept economically weak and internationally isolated there will be no need to depend on Iraq to contain it. But the key to the success of the U.S. policy lies in convincing reluctant allies in Paris, Bonn and Tokyo to support a unified policy.

—The Hindustan Times (New Delhi).

## Steering Well Clear of a Europe-Wide War This Time

By Jim Hoagland

WASHINGTON — Croatia's spring offensive against its rebel Serbs tests the uneasy equilibrium that had settled over Europe's only active battlefield. The Croatian campaign also casts the shadow of a wider war on a continent that determinedly celebrates 50 years of unfamiliar peace in the next few days.

It seems coincidence that President Franjo Tudjman has launched the spring offensive as Europe marks the half-century anniversary of the end of World War II in the Atlantic theater. But the renewed fighting in Croatia, and in neighboring Bosnia, underlines what has and what has not changed for Europe since Adolf Hitler put a bullet in his brain in the Berlin bunker on April 30, 1945.

The continent said "never again" as it surveyed the ruins the Nazi war created. The destruction had been too great. Besides, the two nuclear-armed superpowers seized control of Europe's war-making capabilities and were out to let the "little" wars Europeans had fought for centuries expand into another world and threaten the world's survival.

But the abrupt end of the Cold War freed the Croats, Serbs, Bosnians and others to pursue old and bloody habits. As Serbian rockets slam into the Cro-

atian capital of Zagreb it is tempting to conclude that the imposed peace of the Cold War was an illusion, or perhaps an abnormality that Europe will now reject as alien to its political corpus.

European leaders have watched nervously for four years with two questions uppermost in mind: Will the fighting expand across the Balkans? And if that happens, would the continent's major powers be once again dragged in and their old quarrels reignited?

Mr. Tudjman has launched this campaign at this moment to probe Serbian and world reaction, after spending a year skillfully maneuvering America into covering his back. Although these attacks may not ring the bell, he seems ready for the long-fought main event of ex-Yugoslavia's wars — an all-out conflict between Serbia and Croatia — if it comes now.

Mr. Tudjman confronts his mortal rival, Serbia's Slobodan Milosevic, with a direct challenge by driving Croatian Serbs out of the central Croatian region they have held since 1991. The political conflict between Mr. Tudjman and Mr. Milosevic, two masters of feints and inflicting death by a

thousand cuts, threatens to become a matter of blood and steel again.

By going along with U.S. efforts to construct a Bosnian Muslim-Croatian federation and relating on his threat to oust United Nations peacekeepers, Mr. Tudjman has positioned himself to seek U.S. protection and support as he grows away at the Serbian positions. He can also count on German diplomatic help, while Russia and France align themselves with the Serbs.

This is the kind of great power game that has brought disaster to Europe twice in this century. But there is reason to hope that it will not happen this time.

If common sense prevails, the human and financial costs of fighting a modern conventional war will keep powers like Germany and Russia out of conflicts they would have once sought to manipulate for balance of power reasons. Small countries feel they can still afford the costs of war; big European countries know that it is a fatal illusion for them. Dwight Eisenhower assembled 150,000 men to make the D-Day landing on June 6, 1944, with twice that number in reserve for the next phase of the campaign to recapture Europe from the German army. Colin Powell demanded 100,000 more sol-

diers than that to take on Iraq in 1991 because he could not be sure what technological edge in the hole his much smaller army might have to use against the awesome armada he had assembled.

Major conventional wars have become financially ruinous. And the destruction that modern weapons can inflict on societies and humans so far outweighs most political goals that the weapons become incredible and ultimately unusable.

That was the sense of a comment Secretary of Defense William Perry made to me shortly after he took office when I asked him about the U.S. withdrawal from Somalia. What many Americans had missed, Mr. Perry said, was that American goals in Somalia could not sustain the large loss of Somali lives that American military strikes were causing, much less the American casualties the Somalis had caused.

Technology expands the destructiveness of nasty little wars like those in the Balkans to heartbreaking new heights. The world should not be complacent about the renewal of fighting. But Europe may be able to avoid the continent-wide nightmares of the past in part because of concern about the greater threat that technology poses.

—The Washington Post.

## The Baltic States Belong Inside the Line Between NATO and Russia

By Carl Bildt

STOCKHOLM — During past decades I often paused in the great diplomatic entrance to the State Department to reflect on the Estonian, Latvian and Lithuanian flags hanging there among all the others. Refusing to accept the legality of the 1940 Soviet occupation of those countries, the United States displayed their flags among the flags of all the independent and sovereign nations of the world.

Today the three countries are in the middle of successful transition from their socialist and Soviet past. They are making more rapid and more impressive progress than even some of the countries of Central Europe. There is no doubt that Estonia and the Czech Republic are the vanguard of transition in Europe.

But a new threat is emerging as a combination of reluctant Western enlargers of NATO and ardent Baltic-bashers in the East risks placing the three nations in a special category of uncertainty in the Europe of tomorrow. If this happens, we might see this part of Europe emerge as a key confrontation zone in the decades ahead.

The removal of the last Russian troops from the Baltic countries last summer was a major victory for the sort of preventive diplomacy that will be increasingly important in the future.

The United States played a key role in this process, and has reinforced its political commitment to the region by high-level visits. President Bill Clinton went to Riga, Latvia, last year. Vice President Al Gore recently praised Estonia for its development during a visit to Tallinn.

The Baltic countries are entering the third and decisive phase of their efforts to re-establish full independence, after formal recognition in 1991 and removal of troops in 1993. They want to become full and active partners in the structures of European and Atlantic integration. They all strive for full membership in the European Union and NATO.

The European Union has in principle accepted them as future members. They have recently concluded European agreements on free trade and cooperation which put them on the same level of pre-accession relations with the Union as Poland or the Czech Republic.

In the next few years we will see an enlargement of NATO. This is unavoidable, since an organization based on the solidarity of

democracies cannot in the long run refuse membership to eligible democracies without eroding its own moral foundation. Admission of Poland, the key country in Central Europe in this regard, is now mainly a matter of time and details.

It is often said that we must not create new dividing lines in Europe. This sounds fine but hides the reality that there will always be a dividing line between members and nonmembers of NATO, and that the real question is where this line should be drawn.

It will certainly not be at the Oder, but the great and troubling question is whether the Baltic states will be left beyond this line facing mighty Russia.

It will take time for the Russian political system to accept the importance for European stability and security of parallel enlargement of the European Union and NATO. This will surely happen if the country continues its struggle along the path of reform, which is

it sometimes said that the Baltic countries are not defensive

but and accordingly can never be granted membership in NATO. This is an argument that betrays the entire history of NATO.

A

NATO enlargement that takes in Central Europe and excludes, even temporarily, the Baltic states could have been skewed to pieces in hours by Soviet armored divisions. It could be questioned whether any part of Germany was really defensible during the decades of Soviet forward deployment in Europe.

But the commitment of NATO was always a political commitment to the security of democracies whatever democracies had gained ground. — never just a military commitment to ideal principles or pretexts.

Today NATO remains a four-letter word, not only in large parts of Russia but also in significant parts of former neutral countries like Sweden. Yet there is no way of building a truly new security order in Europe without accepting the need to denationalize military security through the mechanism for military inte-

gration that NATO represents.

Russia does not want and would not be able to join NATO, and according to there will be that dividing line between members and nonmembers of NATO. To leave the Baltic nations outside that line in spite of their explicit wish to join and in disregard of the nasty tendencies of Baltic-bashing in Russia would be to invite crisis and perhaps conflicts.

The flags of the three Baltic states have been flying at the State Department in Washington longer than anywhere else in the world. Few nations have as clearly cut a commitment to helping them secure their independence through full integration in all the institutions of the West as has the United States. We must not let an unlikely alliance of reluctant enlargers in the West and eager Baltic-bashers in the East put their future security in jeopardy.

Mr. Bildt, the former Swedish prime minister, contributed this comment to the International Herald Tribune.

## McNamara and Fellow War Leaders Were Irresponsible

By William Pfaff

PARIS — The last world war ended in Europe on May 8, 50 years ago. The Vietnam War ended with the evacuation of the last Americans from Saigon 20 years ago, on April 30th. The coincidence of anniversaries has prompted many to recall the world war as the last "good" war, and the Vietnam War as, for Americans, the contrasting "bad" war.

The Second World War certainly pitted what nearly everyone today would agree was "good" against "bad," but the Vietnam War was a rivalry between ideologically Marxist nationalists and traditionalist as well as Europeanized and Catholic elements in Vietnamese society.

The latter were themselves nationalists. (Nguyen Dinh Diem, president from 1955 to his murder in 1963, had been an exiled nationalist leader when Indochina was a French colony.) Who was good and who was bad?

Washington's support for the South Vietnamese government was well-meant. It was also politically misconceived and eventually the nimble brutality in exile by its overseas empire and by exiled patriots from German-conquered Europe. Thanks to Franklin Roosevelt, the United States provided

some support to Britain, despite much congressional and popular hostility, but whether America would eventually have entered the war in Europe had Hitler not declared war against America, out of loyalty to his Japanese ally, is an unanswerable question.

The U.S. intervention in Vietnam was the result of a pernicious and irresponsibly ideological vision of globally directed Communist aggression. America's motives were good, its assumptions false, and the arrogance with which those assumptions were defended rendered the country's leaders morally culpable.

"Arrogance breeds stupidity." That comes from a letter written to me about Robert McNamara's new book confessing that by the mid-1960s Mr. McNamara really was against the Vietnam War but nonetheless continued to wage it. The letter comes from David G. Nes, a retired diplomat who in the early 1960s was deputy to Ambassador Henry Cabot Lodge at the U.S. embassy in Saigon, with the rank of minister.

To fight this was a moral duty and an honor, performed, after the collapse of France, by Britain alone, aided by volunteers from its overseas empire and by exiled patriots from German-conquered Europe. Thanks to Franklin Roosevelt, the United States provided

the bulk of military supplies to the resistance.

He says, "Of those I briefed on

my return to Washington, including the Bundy and Rostow brothers, only George Ball was receptive and, in general, in agreement. To contest the president's policy was viewed as inadmissible."

McGeorge Bundy was national security adviser from 1961 to 1966 and Walt Rostow was his successor; William Bundy and Eugene Rostow were also high officials, the former becoming assistant secretary of state for Far Eastern affairs under President Lyndon Johnson.

So much for the argument made by Alain Enthoven (*IHT Opinion*, April 28) of Stamford, a former assistant secretary of defense, and of other Mr. McNamara's defenders, that "Mr. McNamara's mistakes in Vietnam were America's mistakes" and that the whole nation was "caught up in what proved to be a tragic error." Mr. Enthoven says those who criticize the former defense secretary do so with certainty "achieved with 20-20 hindsight."

As Mr. Nes demonstrates, the best in the American foreign policy community had 20-20 foresight. It would be a catastrophe if the conclusion drawn from the Vietnam experience is the one Mr. McNamara and Mr. Enthoven put forward, that no one could have known, hence that no one is, or was, responsible.

The conclusion that should, indeed, must be drawn is that to accept office imposes a duty to know, and to speak what one knows, as well as an obligation to pay with one's career for failure — which all of these officials conspicuously failed to do. Without responsibility, democratic government becomes impossible and that is why what Mr. McNamara and Mr. Enthoven are saying is profoundly subversive, and a lie.

# INTERNATIONAL EDUCATION IN SCANDINAVIA

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For international students, Scandinavia offers an enormous range of courses – from arctic studies in Finnish Lapland to digital communications systems in the cosmopolitan Swedish city of Göteborg.

The deep knowledge and common usage of the English language in the region mean educational institutions can easily transfer their expertise into programs taught in English. These are available at all levels, from summer schools and exchange courses to complete master's and doctoral programs.

With educational institutions delivering high standards across a range of subjects, the region is now competing for students in nearly all fields, providing a wide variety of traditional courses in the arts and sciences.

### Local expertise

There are many courses, however, that take into account the region's specialized expertise. This is certainly the case in the area of the environment, where the amount of knowledge is reflected in some highly specialized courses.

Chalmers University of Technology in Göteborg, for example, has a master's program in applied environmental measurement techniques, which looks at the practical effects of pollution and at measures to combat it. Finland's North Karelia Polytechnic has a course specifically on environmentally sound product design and marketing.

The well-established public health-care systems and high level of social provision in the Scandinavian countries give the region a solid basis to develop educational programs in public health, health service management and the social services.

Göteborg University has a master's program in social work, which aims at giving students a better understanding of social problems, while many other institutions concentrate on health care.

### Health-care programs

In Finland, the Espoo College of Health Care and Social Welfare offers an International Nursing Education Program, which covers nursing in numerous environments, from work in the community to medical research.

According to Espoo's head of nursing, Kaija Heikkilä, students are keen to come to Finland to see the way the country has developed its health-care system. "Since the 1940s, Finland has seen the need of offering a good level of health care and education to everyone," she says. "It is not split into public and private."

These remarks can be applied throughout Scandi-

navia, although the region's large public health-care sector is now having to cope with the problems of tighter budgets and growing demand.

The Karolinska Institute in Stockholm offers a master's program in public health that aims at providing a scientific basis for professional practice and for research and development work in public health. Oslo University offers a program entitled Medical Care and Health Services as a special five-week summer course. This is aimed at health care professionals and service providers, and examines the issues affecting health-care systems worldwide by studying the situation in Norway.

### Summer fare

Summer schools are popular throughout Scandinavia, as they give students the opportunity to experience the region at its best. Students can combine studies with easy access to Europe's most unspoiled countryside. Even in the region's biggest city, Stockholm, one is never more than 20 minutes away from the open countryside, and the city's clean water makes it possible to swim downtown.

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Stockholm University offers summer courses in English in Swedish economic history and Swedish literature, and the area offers many such chances to study the culture, history and languages of Scandinavia itself.

Bergen University on Norway's west coast has an entire master's program in Scandinavian studies taught in English, which looks at the region's geography, languages and political structures.

At Helsinki University, there are undergraduate courses in Finnish mythology and folklore, while the university's Sami studies project looks at the development

menu of the indigenous people of the Nordic region.

Scandinavia is also a good place for studying developments to the east, in the former Soviet Union and the Baltic states. Many universities and business schools are now active in reconstruction projects in the former communist states, with some – such as the Stockholm School of Economics – even setting up teaching facilities on the other side of the Baltic Sea.

Sweden's and Finland's newly acquired membership

in the EU has made the countries' educational institutions more accessible to foreign students.

For most of the region's universities and colleges, however, the breadth of their English language tuition shows that the process of internationalization began much earlier.

### EU interests

Now that Sweden and Finland have joined Denmark in the European Union, there has been increased interest

in developments to the south in fellow EU countries. Sweden's Lund University offers a master's program in European affairs, while Stockholm University has a program in European law that concentrates on the legal system within the EU.

Sweden's and Finland's newly acquired membership

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## SCHOOLS FOR COSMOPOLITES

*Teaching in the English language in Scandinavia is not confined to the university level.*

For many years, international schools in the region have been providing high-quality education to the children of the diplomatic and business communities. Educational reforms in countries such as Sweden mean that even some state schools are now prepared to offer extensive curricula in the English language.

In recent years, the position of international schools has been strengthened by the continuing development of the International Baccalaureate, which offers a curriculum and examination that is accepted worldwide. This enables students to

gain admission to institutions of higher education outside the country in which they have been schooled. It also allows students who change schools and countries to continue with the same syllabus.

**Flux and stability**  
The Copenhagen International School has students from around 50 nations and a long experience of dealing with the disruption caused by children changing schools and cultures. "There are more and more children living out of their own country, and we don't find the rootlessness that many people

might expect," explains Jim Keson, the senior school principal. In many ways, the school becomes the center of the child's community, substituting for relatives and neighbors.

**Continuity**  
The IBL program aims at preparing a student for higher education, but the IB concept now involves other aspects of teaching. "The IB middle years program is designed for international children," explains Mr. Keson. "It focuses on a child's ability to investigate. Typically, students are given projects, which teach them how to learn."

In Norway, the Oslo International School also offers an IBL education. Here, it is not just the pupils, but also the staff who are international, with the binding thread being the English language. Of course, this does not preclude the pupil's native tongue, with the school providing facilities for lessons in, for example, Dutch and Norwegian.

**Countryside**  
Last year, the school moved to a larger site outside central Oslo and away from the congestion of the city center. Here, pupils are able to take advantage of the expansive Norwegian countryside.

This closeness to nature is also an attraction at the Skagerak Gymnasium in Sandefjord, around two hours away from Oslo. The school, built on the edge of the fjord, has been operating for four years, with pupils due to finish this year already being offered places in some of the world's leading universities.

Although education is in English, the majority of pupils at Skagerak Gymnasium hold Norwegian passports, again emphasizing the desire of parents to give their children the basis for an international education.

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## INTERNATIONAL EDUCATION in NORWAY

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Founded in 1991, Skagerak is a small, non-profit, independent day school situated in Sandefjord, south of Oslo, catering for students between the ages of 16-20. Skagerak Gymnas' highly qualified national and international staff offers demanding and high quality education, including the International Baccalaureate Diploma. The School's guidance team are on hand to assist all students with university and career options, whether in Norway or internationally. Our students have received offers from Oxford Imperial, LSE, Durham, Brown and UCLA.

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## ART

SATURDAY-SUNDAY, MAY 6-7, 1995  
PAGE 8*The Farneses: A Mania to Collect*By Roderick Conway Morris  
*International Herald Tribune*

**P**ARMA, Italy — It was typical of the newly rich, self-aggrandizing Cardinal Alessandro Farnese that, on becoming Pope Paul III in 1534, he should have stopped work in progress on the family palace and ordered a vastly scaled-up version (Michelangelo ultimately being called in to do the facade).

A hundred feet (30 meters) high and 200 across, Palazzo Farnese (now the French Embassy) was by far the biggest and most imposing private residence in Renaissance Rome.

It is tempting to see the yawning interior vacuum of this architectural behemoth, supplemented by the huge Palazzo della Cancelleria almost next door, which one of Paul's cardinal-grandsons occupied, as the initial impetus for the Farneses' collecting mania. Certainly the 15 years of Paul's reign marked a period of frenzied acquisition of individual works and entire existing collections. While dozens of pieces of classical statuary were taken from excavations at the Caracalla Baths and at Tivoli, the Pope also shamelessly appropriated pieces from the Vatican for his family's palaces.

Meanwhile, Paul carved out a chunk of papal territory in northern Italy, establishing the new Duchy of Parma and Piacenza for his son Pier Luigi, which endured as a family statelet for nearly 200 years. By the time the line became extinct for want of a male heir in 1734, the family collection, almost all of which had by then been transferred to the duchy, consisted of well over 3,000 paintings, and tens of thousands of drawings, books, sculptures, bronzes, ceramics, coins, medals and jewels.

The Farnese: Art and Collecting, a rewarding exhibition, which aims to re-create, in part at least, in a single space this extraordinary amassing of art works, is being held at the freshly restored ducal palace at Colorno, north of Parma, till May 21. Thereafter the show will go on to Munich (June through August) and Naples (October through December), where the core of the collection has been since the 18th century, divided between the Capodimonte, Palazzo Reale and Archaeological museums, despite significant dispersions overseas.

The Farneses' origins can



Portrait of a young woman by Parmigianino.

lived in the Farnese household for a time), not to mention a priceless horde of classical coins and other antiquities.

Given the incompleteness of surviving inventories, the complex development of the Farnese collection is often difficult to trace, but the show's commendable catalogue by several hands contains much recently discovered information. One of the most startling revelations is the number and quality of works seized by the Farneses from neighboring families in the duchy.

The Farneses' attempts to impose absolute rule in Parma and Piacenza were strenuously opposed by the local nobility. The first duke, Pier Luigi, made himself so unpopular that he was stabbed to death in 1547. In 1611 the fourth duke, Ranuccio, claimed to have uncovered a plot against his life, rounded up the supposed conspirators, extracted confessions under torture, had them decapitated in Parma's main piazza and confiscated their property. Among them was Barbara Sesteverina of Colorno, whose collection included works by Mantegna, Raphael, Titian, Michelangelo, Correggio and Parmigianino. This and other appropriated collections were also rich in northern works such as Pieter Brueghel's "Misanthrope" and "The Blind Leading the Blind," and Marinus van Reymerswaele's "The Misers."

Driven, from generation to generation, by the twin motors of making dynastically advantageous marriages and assuring the survival of their lineage, the Farneses seldom seem to have enjoyed domestic happiness.

Ironically, the realization of the Farneses' long-term ambition of marrying into one of Europe's royal houses heralded the end of the line. For soon after Elisabetta Farnese married Philip V, first Bourbon king of Spain, the last duke — Antonio — died, suffering from the family's characteristic obesity (which had long superseded the lean and hungry look evident in portraits of their 16th-century forebears), leaving his title and possessions to the Serene Duchess Enrichetta d'Este.

This hapless woman nursed a phantom pregnancy for nine months. When it was finally declared void, the Farnese patrimony was ceded laterally to the Spanish Bourbons, who transferred almost everything moveable to their kingdom of Naples. Driven by generation to generation, by the twin motors of making dynastically advantageous marriages and assuring the survival of their lineage, the Farneses seldom seem to have enjoyed domestic happiness. Ironically, the realization of the Farneses' long-term ambition of marrying into one of Europe's royal houses heralded the end of the line. For soon after Elisabetta Farnese married Philip V, first Bourbon king of Spain, the last duke — Antonio — died, suffering from the family's characteristic obesity (which had long superseded the lean and hungry look evident in portraits of their 16th-century forebears), leaving his title and possessions to the Serene Duchess Enrichetta d'Este.

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## Prado Readies for Overdue Facelift

By Alan Riding  
*New York Times Service*

**M**ADRID — It took the embarrassment of a leaking roof and talk of rats in the basement to nudge the government into action, but the Prado Museum here has at last been promised the money and additional space it needs to justify its place as the crown jewel of Spanish culture.

More than once, it seemed it would never happen. While the Louvre in Paris, the National Gallery in London and other museums embarked on expansions, the Prado was told to wait. It was offered the Villahermosa Palace, only to see the building turned into the Thyssen-Bornemisza museum.

The Prado could still boast a remarkable collection of works by Velázquez, Goya, El Greco, Rubens and Hieronymus Bosch, but its morale was broken. It had room to display only one-sixth of its paintings and a tenth of its sculptures. It was furthermore in such disrepair that in 1993 buckets were placed beside Velázquez's priceless "Meninas" to catch dripping water.

Finally this winter, thanks in good measure to constant drum-beating by the new chairman of the Prado's board, José Antonio Fernández Ordóñez, the government gave the go-ahead to transform the museum. And now an international architectural competition to find the best design has begun.

It is an immensely complex project. Since the museum opened in 1820, it has occupied the neoclassical Villanueva building on the Paseo del Prado, although its 19th-century collection now hangs in the Casón del Buen Retiro, a small 17th-century palace that stands 140 meters to the east, overlooking Retiro Park.

Under the expansion plan,



A crowd of museumgoers waiting outside the Prado.

ago, an extension proposed by the Prado's director at the time, Felipe Gardín, was quickly abandoned after a wave of criticism. If the new design is not carried out within two years, the architect will be compensated with a fee of \$40,000.

The project, expected to cost around \$150 million, is already stirring excitement in architectural circles.

**B**UT, significantly, this project has the backing of not only the present Socialist government and its allies in the Basque and Catalan nationalist parties, but also the conservative opposition People's Party, the current favorite to win the next general election, to be held by 1997.

"A number of big names did not want to be part of the jury, which suggests they may be competing," Luzón said, adding that he recently spotted the British architect Sir Norman Foster making notes and taking photographs in the Prado.

"I've been told there may be as many as 500 bids," he said. The 14-member jury, which includes seven non-Spaniards to conform with the rules of the International Union of Architects, is to select five to 10 finalists in January. The winner will be named before the end of 1996, with the work itself likely to take four to five years.

Competing architects must find ways of integrating the three annexes with the Prado's headquarters. Underground passages and malls are among the possibilities.

"We're looking for an imaginative solution," said José María Luzón Nogués, who last May became the Prado's fourth director in barely three years.

Competing architects must find ways of integrating the three annexes with the Prado's headquarters. Underground passages and malls are among the possibilities.

Reorganization of its collection will depend on the winning design, although Luzón said the Spanish Masters would remain in the late 18th-century Villanueva building, where he also hopes to make room for 500 more paintings by freeing 18 rooms currently occupied by the museum's administration.

"There's no need for the director to be here," he said, waving toward his spacious office.

decorated with 17th-century oils.

He said the 17th-century Palacio del Buen Retiro could serve as an ideal place for special exhibitions. Its main hall, the Salón de Reinos, was originally decorated by Velázquez and Zurbarán on orders of King Felipe IV, although the paintings are now in the Prado.

The Casón del Buen Retiro, built by the Spanish monarchs as a bedroom, is already equipped to display up to 400 paintings.

The main variables, though, are whether the "new" Prado's various buildings will be connected underground, where to put a parking area, how the winning architect will deal with the cloisters of the Jerónimos church, which must be preserved, and the look of the buildings to be constructed either beside the Prado's northern Goya entrance or between the museum and the cloisters.

"This is where the architects will have to warm up their brains, and this is where the winning architect will make his name," Fernández Ordóñez said. "This could be as exciting as what I.M. Pei did with his glass pyramid at the Louvre. Who knows? Pei may also make a bid here."

In the end, the Prado should double in size, but this will not mean doubling its display space. "I like to say 'And we'll get more display space,'" Luzón said, "because our ancillary needs are just as great if we're going to become a modern museum able to handle large crowds."

After years of procrastination, then, a solution is in sight. And already the Prado has picked an architect for a separate, even more urgent, task: repairing the museum's roof and improving the natural lighting of its main galleries, a job that will cost \$10 million and take at least 18 months.

But the Prado's troubles are not over. With 7,679 paintings, 907 statues, 6,068 drawings and 2,186 engravings in its collection, it wants 25 curators but can afford only 10.

With the expansion likely to disrupt the museum's normal operations, "we've decided to focus on small, specialized shows. One that ends this month contrasts Zurbarán's series of Jacob and the 12 Tribes of Israel, on loan from Britain, with 10 oils of Hercules originally painted by Zurbarán for the Palacio del Buen Retiro.

Once the expansion is completed, the Prado must then decide what to do with the 3,000 or so paintings from its collection on loan to Spanish embassies abroad, government offices and provincial museums.

"It's a tricky problem because some pieces have been on loan for more than a century," said Fernández Ordóñez. "But if they are important, they should be in the Prado."

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# Extraordinary Finds in the Confusing Field of Islamic Art

**L**ONDON — Some extraordinary discoveries came to light last week as auctions of Islamic art succeeded one another. In any other field, they would have been the talk of the town. Here, they barely made a ripple.

The reason is partly the confusion created by the denomination "Islamic art," which is about as meaningless as the phrase "Christian art" might be when describing anything made in the Western world from Charlemagne to Queen Victoria. Many would-be collectors lose their footing in this hodge-podge without visual unity.

Worst of all, the perception of quality and relative merit is weakened, resulting among other things, in haphazard estimates. Its effect could be observed to some extent at Christie's on Tuesday and, to a

SOUHAIL MELIKIAN

greater degree at Sotheby's on Thursday when 46 of the first 65 lots — glass, pottery and bronzes covering territories ranging from Morocco to India — went unsold. Estimates should have been slashed by 50 to 70 percent to give most of the pieces any chance. Ironically, when it came to the one fabulous object, a late 14th-century brass tankard inlaid with gold and silver, the catalogue got it wrong too: the estimate could have been multiplied by 10.

The tankard, which carries an inscription on the neck naming the Artuqid sultan Majid ad-Din Isa (1376-1404), in whose reign it was made, is easily the most important piece of Arab metalwork sold at auction in the last decade.

Only half a dozen or so metal vessels inscribed by the name of any Artuqid prince are recorded. Majid ad-Din Isa's rule did not extend far beyond his capital of Mardin, which virtually designates Mardin as the place where the vessel was made.

For one reason, the cataloguer mentioned in connection with the decoration of the western Iranian bronze oil lamp made in the 470s. There is no link whatsoever.

The inscription on the rounded body,

reproducing an Arabic poem, is a rare masterly example of monumental Kufic calligraphy applied to an object at that late period. It is quintessentially Syrian, while the handling of the floral ornament is entirely original. Most importantly, the object is miraculously well preserved. Much of its inlay is intact, down to the fine detail incised with a point over the silver foil. Brass vessels in that condition, whether Arab or Iranian, account for perhaps 1 percent of all silver and gold inlaid metalwork.

Most can ultimately be traced to shrines — meaning, in the West, palaces or church treasures in Italy, which started acquiring metalwork from the Islamic East as early as the 12th century. Not surprisingly, according to one source, the tankard was found fairly recently by a nonspecialist Italian dealer. He was apparently inspired by the show of Islamic art in Italian collections held in Venice in 1994. For a novice, he did not do badly. The tankard climbed to £129,000 (\$207,000), which in view of its significance and condition is not even crazy.

If anything surpassed the silver and gold inlaid vessel in importance during the week, it was a set of two manuscripts from Islamic India. These were once in the imperial library of the Persian-speaking Mogul rulers of Hindustan. They turned up at Bonhams, one of the smaller London auction houses, the day before the Sotheby's tankard. But in contrast to the vessel, their condition was not ideal.

The two books suffered some worming. As a result, the leaves were given new margins and each volume was badly bound somewhere in India after World War I. Yet, they remain stunning revelations.

The most spectacular of the two is a copy of the 12th-century versified allegorical work of the Iranian Sufi writer Sana'i: "The Garden of Truth." Few manuscripts executed under the emperor Akbar (1556-1605) or his successors Jahangir and Shah Jahan, are located. This one is in Agra, where Shah Jahan later built the Taj Mahal. The calligraphy signed by "Abd ur-Rahim of Herat [known as] Anbari Qalam" offers one of the most admirable examples of



Silver and gold inlaid tankard.

the Nasta'liq script in Hindustani. The date, given as 1599-1600, had one digit scratched out and written over. It cannot be taken at face value, but may safely be assumed to be in the early 1600s.

In keeping with Mogul practice, the five miniatures were identified underneath, in red inscriptions, probably by Abd ur-Rahim. Three of the names were spared when the old margins were cut off.

One is that of Nar Singh, only 21 of whose works had so far been recorded. The drawing, partially heightened with color, offers a stylistic mix typical of the composite culture of late 15th-century Iranian painting with touches of West European influence passed on through illuminated books and engravings.

European influence takes another form in a miniature ascribed to an even rarer artist, represented until last week by only 13 works. He gives his characters individualized features instead of the archetypal faces of Iranian painting. One of those, with receding forehead and open mouth,

suggests that Jagannat may have been acquainted with the style of Hieronymus Bosch. Another miniature without a name might also be by Jagannat. It shows a fair-skinned calligrapher, probably Abd ur-Rahim, seated facing a portraitist, possibly Jagannat. The portraitist's face has the brown complexion conventionally associated with Indians in Eastern painting.

Luckily, the original plates in varnished papier-mâché, of which very few Indian examples survive, were incorporated in the modern binding. Thrilled at handling this rarity, Diddi Malek, director of the Islamic department at Bonhams, gave it a separate catalogue on glossy art paper. Her efforts paid off. The volume soared to £155,500.

Ironically, it focused attention to such an extent that the other important imperial manuscript was almost overlooked. This second manuscript does not just reproduce the 12th century text of Qazvini's "Wonders of Creation," as the catalogue assures. It also includes an abridgement of Nasir ud-Din Tusi's 13th century treatise on minerals and metals (the "Tansuq-Nama"), followed by large superb illustrations in black ink of constellations such as are usually found in a famous 10th century treatise by Abd ur-Rahman Sufi. In short, the volume would appear to have been a kind of scientific compendium. This throws new light on the special interests of Shah Jahan, whose seal appears on a leaf.

In terms of its art, the manuscript is intriguing. Bonhams catalogued it as "probably from Isfahan or Shiraz." The draftsmanship certainly looks Iranian. But could the artist not have been established in Hindustan, like thousands of other Iranians in search of fortune and fame in what was then the Islamic America? One of the characters wears a bonnet of Mogul design, and a group of miniatures with archaic rocks suggests to me a possible Indian connection that deserves further investigation.

The manuscript fetched a modest £11,500. Whatever the case, it was the year's cheapest discovery.

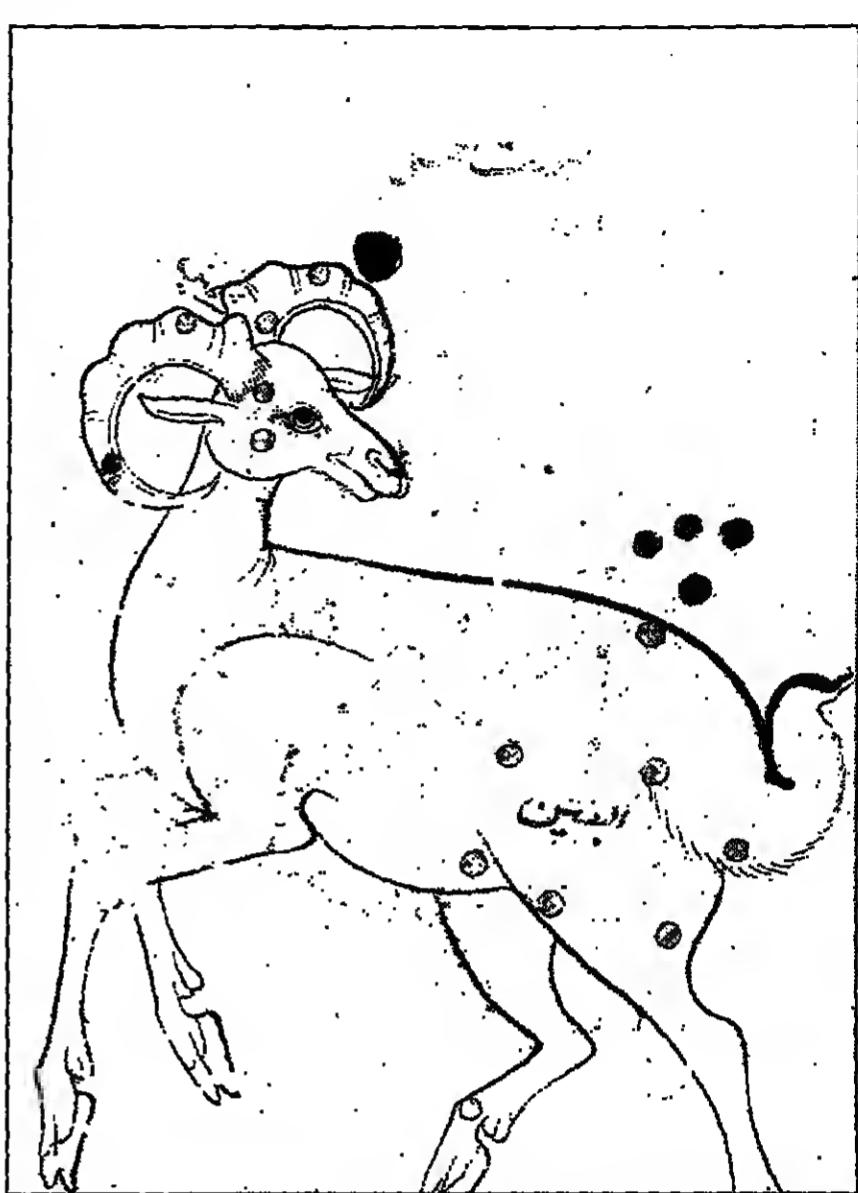


Illustration in the "Wonders of Creation" manuscript from Islamic India.

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## Two More Reich Armies Surrender; Prague in Rebellion Against Nazis

## U.S. and Britain Press Polish Issue

Demand Russia Explain Arrest of 16 Leaders Of Exiled Government

Accord Must Wait On Moscow Reply

Group Accused of Acts Against the Red Army

Special to the European Edition

**SAN FRANCISCO.** May 5.—The issue of Polish representation at the United Nations conference exploded today when Secretary of State R. Stettinius Jr., announced that he and Foreign Minister Anthony Eden had agreed that the Russians explain the arrest of sixteen Polish leaders associated with the London Polish government.

Mr. Stettinius said Foreign Commissar Vyacheslav M. Molotov had officially informed him and Mr. Eden that the sixteen were charged with "disversionist activities against the Red Army."

The United States and British Foreign Ministers made it clear that further discussion of acceptance of the Provisional Polish government established at Warsaw must await Moscow's reply to the request for explanation of the arrests.

**Pressing for a Month.** The American Secretary of State said his government had been asking for a month about the report concerning the arrest of the Polish leaders.

One reporter asked him whether it was not true that some of those arrested were "Fascist or semi-Fascist." Mr. Stettinius said he called them "communists" who had fled from Poland. He said there were democratic elements among them. The group "disappeared" more than a month ago.

Mr. Eden described the arrests as "most serious." Mr. Stettinius issued the following statement:

"We told Mr. Molotov of our great concern on learning after such long delay of the results of the development which has a direct bearing on the working out of the Polish problem. The Crimean agreement on Poland provided for consultations with representatives of the Warsaw provisional government and Polish democratic political leaders abroad.

"We have asked Mr. Molotov for a complete list of the names of those Polish political leaders who have been arrested and for an explanation of this action. Further discussion must await the return of the Polish government to Warsaw.

At the same press conference, Mr. Stettinius said that the "Big Four" had agreed on amendments to the Dumbarton Oaks security and war aims, and that they had been agreed upon by all four powers, except on review of treaties. The Russians here reportedly wish to protect their regional mutual assistance treaties, the Soviet Union and France, by retaining two powers over any possible review of them.

Concerning the amendments, Mr. Stettinius said those agreed upon would not affect the rights of individual states or of national minorities. They would permit election of six non-permanent members to the council in accordance with geographical representation, and San Francisco would be the capital.

He said this will give "fair representation for the so-called middle-sized nations and small nations on the basis of population." It is believed that the very wide extent of agreement reached so quickly and easily in the conference is an achievement of great importance."

Tass Says Polish Group Sabotaged Red Forces

**MOSCOW.** May 5 (UPI).—Radio Moscow broadcast tonight a report by Tass, the official news agency, that the head of the group of Polish agents arrested by the Red Army was the "famous Polish General Okulski," accused of planning and carrying out in the name of the Nazis acts of sabotage to the rear of the Soviet front, and is a "representative of Hitler."

The report said that most people did not disappear but has been arrested by the military authorities of the Soviet front, and is a "representative of Hitler."

The report said that the group of saboteurs had been organized and maintained by German radio transmitters, the aim of the Soviet armies. All officers, agents, or some of them were "agents of Hitler."

The results of inquiry will be

Grave Concern Felt in London On Warsaw Rift

British Believe Question Will Bear Heavily on Security Program

By William J. Humphreys  
*From the Herald Tribune Bureau*

LONDON, May 5.—Grave concern was felt in authoritative quarters here tonight over the rupture in Polish discussions in San Francisco, but it cannot be said that optimism over the three-power conversations so recently reported from the California city was ever shared here. In view of the gravity of the situation, it became evident that Prime Minister Churchill has called the Polish issue the most serious obstacle to a complete understanding among the United States, Great Britain and the Soviet Union in the present crisis in Central Europe.

The Department's announcement listed these five primary points:

"We believe that the total amount of men available for service within the next twelve months from now will provide an adequate force to defeat Japan."

"About 2,000,000 men will be returned to civilian life during the next twelve months. Of these, about 1,332,000 will be surplus troops and the remainder discharged for physical and other reasons."

**Furloughs Are Planned.**

"About two-thirds of combat units will come through the United States and route to the Pacific and have furloughs."

"A large portion of service troops urgently needed in the Pacific will be brought back to the United States."

"Due to transportation shortages, even with the loss of 800 transport planes, the last of the men who are to be discharged will not reach the United States before October."

Bearing on World Security

It was evident that the informed opinion circulated in office of the Polish government-in-exile here that reconstruction of the new government in Nazi-free Poland was a question bearing heavily on the newly-born issues of the San Francisco meeting on a world security organization.

While affiliates of the exiled Polish government did not hide their satisfaction at the development, British sources cautiously indicated that the Polish capture had been more or less forecast in Commons last Wednesday.

Polish reporters recalled the press conference of their Prime Minister Tomasz Arciszewski in which in answer to a question whether he called themselves a "semi-Fascist" group that the United States and Great Britain would regret their intention to recognize the Crimea outline for a "broadened" Warsaw government.

British circles, however, referred to the Commons records.

**Enthusiasm Endures.**

On that occasion, Minister of State Richard Lomax answered a query of the House of Commons from a former Polish minister who was then a member of the British government.

Mr. Stettinius said he had been doing fruitfully for many weeks—Moscow for some information. Subsequently, a British Foreign Office communiqué confirmed that San Francisco enthusiasm was excessive.

"Every physically fit soldier in the United States who has not yet served overseas will be assigned to duty when he completes his training, or if he is performing essential administrative or service functions, as soon as can be arranged by a returning veteran," Details Not Disclosed.

The War Department's statement continued:

"About two-thirds of combat units will come through the United States and route to the Pacific and have furloughs."

"A large portion of service troops urgently needed in the Pacific will be brought back to the United States."

"Due to transportation shortages,

even with the loss of 800 transport planes, the last of the men who are to be discharged will not reach the United States before October."

The War Department's statement concluded:

"Every physically fit soldier in the United States who has not yet served overseas will be assigned to duty when he completes his training, or if he is performing essential administrative or service functions, as soon as can be arranged by a returning veteran," Details Not Disclosed.

The statement said the number of combatants in the European occupation and the length of time they will be there "will depend on the situation in Europe and the nature of our international commitments."

The planned reduction in total strength "will not be sufficient to permit early discharge of all men we consider should be returned to civilian life," held Senator Taft.

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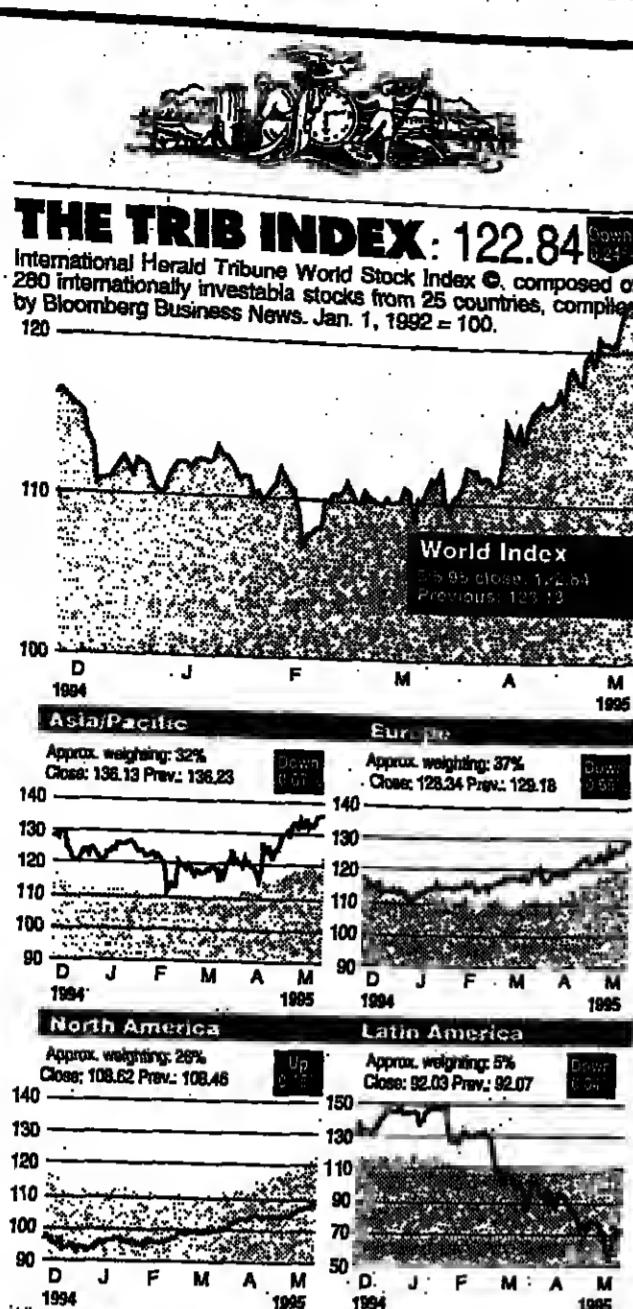
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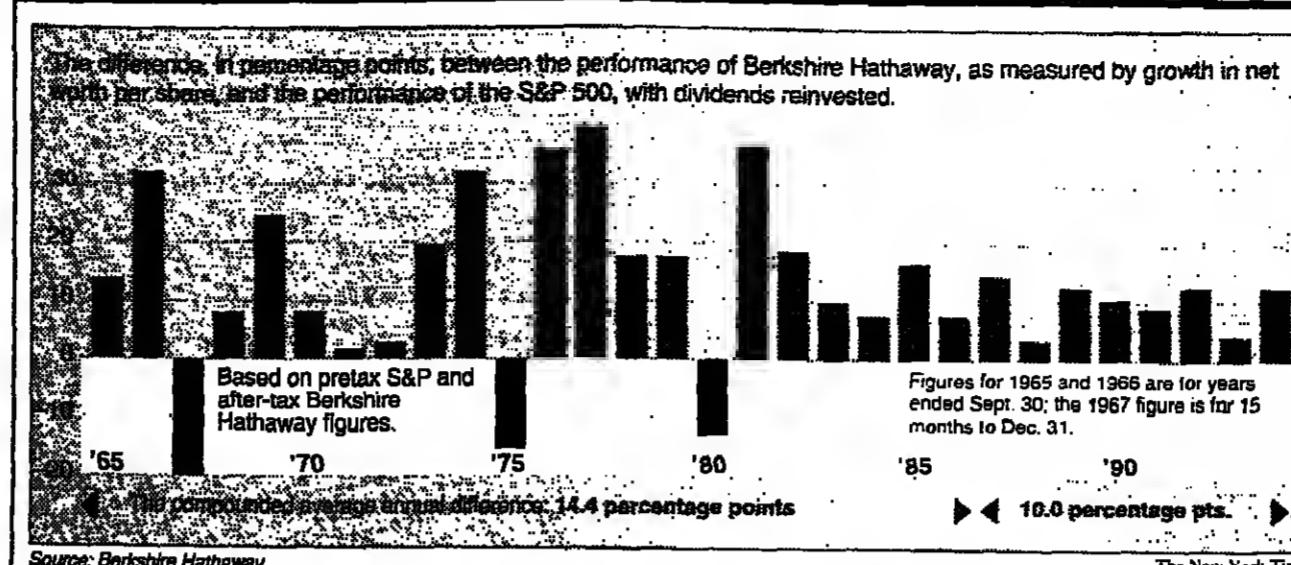
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SATURDAY-SUNDAY, MAY 6-7, 1995

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**THE TRIB INDEX: 122.84**

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 26 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



Source: Berkshire Hathaway

The New York Times

**Could It Be? Buffett Is Mortal?**By Peter Truell  
New York Times Service

**NEW YORK** — Warren Buffett, America's folksy billionaire investor from Nebraska, confessed recently that his investment in USAir Group Inc. was a result of "sloppy analysis" that might have been caused by "hubris."

Of course, hubris is something Mr. Buffett, 64, might be allowed, now that he is worth more than \$1 billion.

But sloppy analysis? Few people have ever accused him of that. Yet Mr. Buffett's mea culpa, along with some less-than-stellar moves in recent years, sug-

gest the unthinkable: The legendary Mr. Buffett is in a bit of a slump.

A look at some of his biggest investment disappointments — including USAir and Salomon Brothers Inc. — shows that Mr. Buffett has at times strayed from his own axioms for success.

Among those axioms: Don't try to time the market; invest in businesses with histories of steady earnings growth; invest for the long term; don't invest in something that you don't fully understand; invest in management with proven track records; and don't get involved in the management.

It is not as though Mr. Buffett is about to be knocked from his pedestal. Berk-

shire Hathaway Inc., the holding company that is his investment vehicle and of which he owns 41 percent, still produces returns that are the envy of Wall Street, outperforming the Standard & Poor's Index of 500 companies by double digits year after year.

It is just that his performance has slipped noticeably since he began stepping in as a savior of companies threatened by hostile takeovers in the late 1980s.

From 1965 through 1986, Berkshire Hathaway's net worth increased at an average compound annual rate of 23.63

See BUFFETT, Page 12

**Steady U.K. Rates Send Markets Lower**

Compiled by Our Staff From Dispatches

**LONDON** — British monetary authorities left interest rates unchanged Friday, dismayed financial markets.

Many analysts had expected an increase of half a percentage point.

The announcement that base lending rates would remain at 6.75 percent followed a meeting of the chancellor of the Exchequer, Kenneth Clarke, and the governor of the Bank of England, Eddie George.

Financial markets fell after the announcement, with cur-

rency traders selling the pound heavily. The pound finished in London at 2,1899 Deutsche marks, down from 2,2140 DM Thursday. The pound's record low against the mark is 2,1790, set April 19.

The Financial Times-Stock Exchange 100 index closed down 12.60 points at 3,251.70.

Long-term bond yields rose 7 basis points amid concern that the decision could speed inflation, which erodes the value of fixed-income securities.

"The decision hit the long end of the gilt market," said

Ciaran Barr, an economist at Morgan Grenfell & Co. "We're also likely to see a widening of spreads against other markets."

But shorter-term bonds rallied, with yields falling as much as 8 basis points.

"There are clear signs economic activity is starting to slow down to a more sustainable pace," Mr. Clarke said.

As chancellor of the Exchequer, he has final say on interest rate increases. Mr. George did not attend the briefing.

"It's fairly clear there has been a split between the bank and the Treasury," said Nick Parsons, chief treasury economist at Standard Chartered Bank.

A Bank of England spokesman declined to comment on the move.

(AP, Bloomberg, Reuters)

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

© International Herald Tribune

**ECONOMIC SCENE****High-Cost Singapore Keeps Its Cachet**By Michael Richardson  
International Herald Tribune

**SINGAPORE** — When Singapore's currency started to rise sharply against the U.S. dollar last year, some economists warned that its manufacturing sector would follow Japan's, where the ascent of the yen has forced companies to shift production overseas as foreign investment in the country has fallen.

But despite the surge of nearly 15 percent by the Singapore dollar against its U.S. counterpart since the beginning of 1994, foreign investment in manufacturing on the island-state has continued to grow strongly, as have exports of manufactured products.

The reason, analysts say, is that a program to restructure Singapore's economy by attracting capital-intensive industries to replace the labor-intensive ones that are moving to lower-cost countries elsewhere in South East Asia is succeeding. They say that a policy of managing the Singapore dollar against the currencies of major trading partners also has helped preserve the country's competitive edge.

While the Singapore dollar has recently hit new highs against the U.S. currency (the dollar traded this week near 1.39 Singapore dollars, down from 1.45 dollars in January) its value has fallen by more than 2 percent when measured on a trade-weighted basis against the currencies of Singapore's 10 most important trading partners since the beginning of the year. Those partners are Japan, Ger-

many, Malaysia, Hong Kong, Thailand, Taiwan, South Korea, Britain and China and the United States.

Moreover, despite the rising costs of doing business in Singapore, many high-technology multinational manufacturers

**High-technology global manufacturers still consider the island-state a good base.**

still consider it a good base for tapping markets elsewhere in the world.

On Wednesday, for example, Schering-Plough Corp., the U.S.-based pharmaceutical company, began construction on a new factory costing about 300 million Singapore dollars. When completed in mid-1997, the plant will make bulk chemicals and active ingredients for drugs and medicines for shipment to Schering-Plough affiliates in other countries.

Investment commitments in Singapore's manufacturing sector soared to a record 5.8 billion dollars in 1994. The three largest investors were the United States, which committed nearly 2.5 billion dollars, Japan, with 914 million dollars, and Europe with 907 million dollars.

Paul Schymyck, an economist at the securities house HG Asia (Singapore)

Ltd., said he expected similar levels of foreign investment over the next two years. He said that a Japan-style hollowing out had not occurred in Singapore because foreign manufacturers wanted to locate themselves in the booming Southeast Asian region to "ensure that they are in touch with local needs and trends."

For such companies — which also typically place a high premium on efficient air and sea transport, telecommunications and other supporting services and facilities — the fact that Singapore's wage costs are higher than those of other Southeast Asian nations is a less-important consideration.

Luz Lorenzo, a senior economist at Peregrine Brokerage Ltd. in Hong Kong, said that steadily increasing production of exports with higher value added to them locally had enabled Singapore to remain competitive despite its strengthening currency.

Some Singapore-based companies, especially those that import capital equipment from Japan and sell their products in U.S. dollars, have been hit by the rise of the yen. But Richard Hu, Singapore's finance minister, said recently that, on the whole, the Singapore economy had not been affected very much by the turmoil in the international currency markets.

He said this was because the Singapore dollar had only appreciated modestly against a basket of currencies of countries with which the island-state had extensive trade.

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Paul Schymyck, an economist at the securities house HG Asia (Singapore)

**CURRENCY & INTEREST RATES****Cross Rates**

	S	E	D.M.	F.F.	Lira	D.F.	P.F.	S.F.	Yen	CS	Peso
Amsterdam	1.20	1.15	2.025	5.76	1.257	7.625	2.49	8.288	3.812	21.1	—
Brisbane	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Buenos Aires	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
London (G1)	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Mexico City	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Milan	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
New York (D)	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Paris	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Tokyo	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Toronto	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Zurich	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
ICBC	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
ISDS	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—

**Other Dollar Values**

	Per S	Per E	Per D.M.	Per F.F.	Per Lira	Per D.F.	Per P.F.	Per S.F.	Per Yen	Per CS	Per Peso
Currency	1.270	1.220	2.078	5.827	1.282	7.715	2.54	8.492	3.882	22.2	—
Greek drach.	2.220	2.180	3.450	10.850	2.240	6.250	2.00	6.850	3.150	21.1	—
Hong Kong \$	7.240	7.000	11.400	34.000	7.600	21.000	6.50	21.500	9.500	45.0	—
Hong Kong dollar	7.240	7.000	11.400	34.000	7.600	21.000	6.50	21.500	9.500	45.0	—
Irish £	2.140	2.000	3.200	10.000	2.160	6.000	1.90	6.100	2.700	12.0	—
Italian lira	2.140	2.000	3.200	10.000	2.160	6.000	1.90	6.100	2.700	12.0	—
Malaysian ringgit	2.140	2.000	3.200	10.000	2.160	6.000	1.90	6.100	2.700	12.0	—
Swiss franc	2.140	2.000	3.200	10.000	2.160	6.000	1.90	6.100	2.700	12.0	—
UAE dirham	2.140	2.000	3.200	10.000	2.160	6.000	1.90	6.100</td			



Source: Bloomberg, Reuters

International Herald Tribune

**Very briefly:****Canada Seeks to Sell Railway Stock**

Ottawa (AP) — Transport Minister Doug Young on Friday proposed legislation to allow the government to sell stock in Canadian National Railways.

CN is the longest railway system in North America, controlling more than 20,000 kilometers (13,000 miles) of track in Canada and the United States.

Mr. Young said he hoped to raise at least 1.5 billion Canadian dollars (\$92 million) from a stock offering.

**FMC Sues Mooreco in Takeover Bid**

CHICAGO (Reuters) — FMC Corp. said Friday it had filed a lawsuit in the Court of Chancery in Delaware against Mooreco International Inc. and members of its board in connection with FMC's \$20 a share offer for the company.

It said the suit charges that Mooreco breached its duties by delaying negotiations and threatening to exclude FMC from any process that may lead to the sale of Mooreco. FMC's bid for Mooreco, announced last month, was valued at \$223 million.

**Grace Rises on an Executive's Bid**

NEW YORK (AP-DJ) — W.R. Grace & Co. stock jumped Friday on news of a company executive's surprise \$3.5 billion offer to acquire the National Medical Care Inc. subsidiary that he heads.

Grace said Constantine Happers' proposal, which it received Tuesday, is subject to financing and will be considered by its board. The proposed purchase price includes \$3 billion in cash, the company said.

Grace stock closed at \$57.875, up \$4.25.

• Yacimientos Petroliferos Fiscales SA, the Argentine oil company, has appointed Nelly León, its vice president, to temporarily replace José Estenssoro, who died in a plane crash Thursday.

• RJR Nabisco Holdings Corp. plans to raise cigarette prices by 3 cents a pack, or about 4 percent, the first broad increase since 1993.

• Nintendo of America said it would delay the introduction of its next-generation home video game machine, the Ultra 64, until next April so that more software titles will be available for the machine.

# The Chinese Tire Factory Mystery

By James Sterngold

New York Times Service

**LOS ANGELES** — Did Goodyear Tire & Rubber Co. steal a tire factory — in broad daylight?

Absurd as the question sounds, two details make it the beginning of a potentially important, cautionary tale.

Goodyear is being sued, accused of having stolen the factory, and if it loses, it faces a ruinous penalty of as much as \$3 billion. Such a judgment could provide a windfall for the Hoog Kong company that filed the suit, China Tire Holdings, which is listed on the New York Stock Exchange.

Although it is ultimately a complex story, the basics are relatively clear. Several years ago, Nicholas Clarke, who runs an international tire distribution company in San Clemente, California, linked up with a Chinese company seeking to buy a second-hand radial-tire factory.

In 1991, Mr. Clarke helped Dalian General Rubber Factory, which is principally owned by the Dalian municipal government in northeast China, to acquire a production line from Nordan Tire Co. of Boras, Sweden.

The plant, although old by Western

standards, produced modern radial-ply tires in relatively large quantities, a rarity in China.

The plant was moved and became known as Dalian International Nordic Tire Co. and was owned by various Chinese government entities. Mr. Clarke's company, Orion Tire, agreed to acquire 25 percent of the company that owned the Dalian factory, and received the right to distribute internationally at least \$300,000 a year from the plant.

The venture was expected to be lucrative. Although a remarkably small number of cars and trucks ply China's rutted roads, the sprint toward industrialization is expected to introduce traffic jams to even modest-sized cities within a decade, making China one of the world's most promising tire markets.

Mr. Clarke was approached by Good-year several times about buying his interest in the relocated plant. Mr. Clarke said he refused, partly because the company did not offer enough money, partly because he thought he was onto one of the great deals of his career, and partly because he had another deal cooking.

Mr. Clarke said he had not informed his Chinese partners that he was negotiating

to sell a majority interest in his company to China Tire Holdings, the Hong Kong holding company that owns interests in a string of tire factories across China.

China Tire acquired 60 percent of Mr. Clarke's company, Orion Tire. That is when the situation in Dalian got interesting.

Mr. Clarke said that his orders for tires went unanswered and that he finally learned that a new company had been set up in Dalian — a joint venture between the municipal authorities and Goodyear.

The Swedish radial-tire factory had been transferred to this venture.

China Tire still held its interest in the old company, but the old company no longer owned the modern radial-tire factory.

"I did all that, and then Goodyear just comes along and takes it," Mr. Clarke insisted. "This is the best tire factory China has right now."

One modest bit of recompense came last year, when China Tire won \$13.5 million in a Chinese arbitration ruling against its Dalian partners. But the ruling left Goodyear with the radial-tire plant.

Good-year, of course, takes a different view. "We consider the action totally without merit," Goodyear said. "Good-year will defend itself against these allegations."

## ECONOMY: 'Soft Landing' Is Here

Continued from Page 1

losses. "I'm concerned, but not distraught. If you're an unemployed worker or tottering on the brink, this is bad news."

Audrey Freedman, a labor economist, said: "It has looks like more than a soft landing."

Even allowing for such statistical quirks as a survey week in

**U.S. Stocks**

April that included the Good

Friday holiday, she said revisions of statistics for March already were showing signs of weakness.

March's manufacturing employment, for example, was revised downward from a loss of 4,000 jobs to a loss of 11,000 jobs. Even if the reported loss of 28,000 manufacturing jobs in April is softened by new information, Ms. Freedman said she doubted it would turn into a gain in jobs.

John Lonski of Moody's Investors Service revised his forecast for the second quarter down to 2 percent growth. He warned that if consumers do not start spending enough to revive production and force employers to recall laid-off workers, then "recession" will be here.

Not necessarily so, argued

Allen Sinai of Lehman Brothers Global Economics. While conceding that "we could get a scary second quarter," he claimed that this would give the economy room to revive later this year. He also added that, if needed, the Fed would "be there" to stimulate growth by cutting interest rates.

"To have a recession, you need excesses," he said, "and you don't have them now."

There are no financial bubbles like the real-estate boom of the '80s and the fundamentals of inflation, production and employment are sound."

William Brown, chief economist at J.P. Morgan — which correctly forecast Friday's job

decline — said he could see the economy slowing down further. As it works off high inventories and grapples with lower spending from workers' pinched incomes. That, he said, was bound to cut production and employment.

**Equities Diverge**

The stock market took its cue from the employment data, with issues that benefit from a low-interest-rate environment rising but those linked to the economic cycle declining, news agencies reported from New York.

Banks and utilities — beneficiaries of falling interest rates

— advanced, while paper, aluminum and computer shares, which are sensitive to economic cycles, declined.

Although the Dow fell, advancing issues outnumbered declining ones by a 6-to-5 margin on the New York Stock Exchange.

The Dow Jones utility average rose 2.17 points, to 196.28. Utilities benefit from low interest rates because financing costs make up a large percentage of these companies' total expenses.

Du Pont, the most actively traded issue on the Big Board, fell in overseas trading after the chemical maker sold 17 million common shares at \$65.50 each late Thursday. But in U.S. trading, Du Pont's shares rose 1% to 66% after the company signed a joint marketing agreement for film with Xerox.

Airline stocks fell sharply, pushing the Dow transportation average down 27.95 points, to 1,624.10.

Stock in the Student Loan

Marketing Association, or Salie Mae, rose sharply on news of its plans to buy back about 27 percent of its publicly traded shares.

Intel, the most actively traded issue on the Nasdaq market, fell 1% to 108%. Despite Friday's drop,

(AP, Bloomberg)

## BUFFETT: Could It Really Be? A Legendary Investor Makes Mistakes

Continued from Page 11

percent, beating the S&P 500 by 14.38 percentage points.

From 1987 through 1994, its average return slipped to 21.87 percent, narrowing its edge over the broader market to 10.02 percentage points.

So now, some are asking what, if anything, has gone wrong at Berkshire Hathaway.

One answer is that under pressure to maintain his fabulous returns, Mr. Buffett began to ignore some of his own advice.

At the end of the 1980s, he started putting money into high-yield investments in companies threatened with hostile takeovers — companies he has acknowledged he did not always fully comprehend.

The change in strategy was exemplified by Mr. Buffett's

forays into USAir, Salomon, and the paper and wood products giant Champion International Corp.

These investments were made by buying convertible preferred stock, which pays a high interest rate and can be converted into common stock. Mr. Buffett is reputed to have once called these instruments "Treasury bonds with lottery tickets attached." Their effective yield for Berkshire Hathaway sold in late 1993.

Holding on to the stake for 12 more months would have brought in an additional \$217.5 million.

Such missteps are taking a toll. Berkshire Hathaway's earnings dropped last year, to \$434.8 million from \$683.1 million in 1993, because of a \$173 million write-down of the in-

Treasury auctions. Four years later, he is still struggling with the firm.

Salomon, USAir and Champion also violated another Buffet rule: They had erratic earnings histories.

Had Mr. Buffett stayed more firmly to his principle of buying and holding, he could have made a lot more money from the one-third stake in Capital Cities/ABC Inc. that Berkshire Hathaway sold in late 1993.

Holding on to the stake for 12 more months would have brought in an additional \$217.5 million.

Peter Russ, an analyst at Shelby Cullom Davis and a staunch admirer of Mr. Buffett, said that to some extent Mr. Buffett was a victim of his own success.

investment in USAir and a \$33 million hit on the Salomon equity holdings.

The stock of Berkshire Hathaway, now at \$22,800 a share, has risen roughly in line with the overall market this year, but is well below its all-time high.

Mr. Buffett declined to be interviewed for this article. But he has told stockholders on more than one occasion that investing is a lot more difficult these days than it was in Berkshire's earlier years, when a lot of "low snail" hung ripe for the picking in the stock market.

Peter Russ, an analyst at

Shelby Cullom Davis and a staunch admirer of Mr. Buffett, said that to some extent Mr. Buffett was a victim of his own success.

likely to benefit, he said. If Tokyo agrees to let U.S. producers sell more cars in Japan, the U.S. trade deficit will narrow, Mr. Spence said. If Tokyo does not agree to U.S. demands, he added, the imposition of trade sanctions will pat the massive U.S. trade deficit with Japan.

The British pound tumbled against the dollar after the chancellor of the Exchequer, Kenneth Clarke, declined to raise the base British interest rate. An increase had been widely expected.

The pound closed at \$1.5978, down from \$1.6156 Thursday.

(Bloomberg, Reuters)

## Dollar Follows Bonds Up as Job Data Suggest Cooling Economy

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar eked out gains against most major currencies Friday after a government report showing an unexpected rise in U.S. unemployment during April spurred a rally in Treasury bonds.

The dollar closed in New York at 83.942 yen, up from 83.915 yen Thursday, and at 1,3718 Deutsche marks, up from 1,3718 DM.

The dollar rose to 1,1335 Swiss francs from 1,1323 francs and to 4,9065 French francs from 4,8950 francs.

The dollar initially fell on the news

that nonfarm payrolls declined by 9,000 in April, which led traders to conclude that the Federal Reserve Board would soon raise interest

rates again. Higher interest rates usually bolster a nation's currency.

But bond prices jumped, pushing yields to a one-year low, and that rally brought the dollar back.

Higher U.S. bond prices often lift the dollar because foreign investors must first purchase dollars to buy the bonds.

The employment decrease was the

first since March 1993. It helped bonds by convincing investors that the U.S. economy is slowing enough to keep inflation under wraps.

"The dollar was primarily driven by the bond market rally," said Hillel Waxman, manager of currency trading at Bank Leumi Trust Co. in New York.

Some analysts also pointed out that the payroll data were heavily distorted by a range of seasonal factors, allowing the currency markets to continue to hope for contradictory results.

"It suggests that we might get it all back next month," said Kevin Harris,

international economist at MCM Cur-

rencyWatch.

"We probably

# Phone Division Helps Mannesmann Get Back to Profit

Compiled by Our Staff From Dispatchers

**DUSSELDORF** — Mannesmann AG said Friday a first-time profit in its telecommunications business was the driving force behind its swing to profit in 1994.

The company reported net income of \$40 million Deutsche marks (\$24.7 million), reversing a loss of \$13 million DM in 1993, the company's worst-ever year.

## CL Stake Weighs on Thomson

Compiled by Our Staff From Dispatchers

**PARIS** — Thomson-CSF, burdened by its minority holding in Credit Lyonnais, posted a 1994 loss of \$62 million French francs (\$19.67 million) after posting a 2.83 billion-franc loss a year earlier.

The 1993 loss was restated to comply with international accounting standards.

The defense-electronics company has a 19 percent stake in the state-owned bank Crédit Lyonnais. Its loss stemming from this stake dropped to 1.55 billion francs in 1994 from 3.75 billion francs in 1993.

The company said it would resume dividend payments, giving shareholders a net dividend of 2 francs a share. It has not paid a dividend since 1992.

Thomson-CSF shares finished 1 franc higher at 129.70 francs.

Alain Gomez, the company's chairman, predicted the firm would return to profit in 1995 if Crédit Lyonnais holds to its forecast of making a profit and if a state-backed rescue for the bank is not thrown out by the European Commission.

Thomson-CSF is 59-percent owned by the government. (Bloomberg, Reuters)

The diversified machinery maker said it would recommend raising its 1994 dividend to 6 DM per share from 5 DM in 1993.

Mannesmann shares, however, dropped 8.5 DM, to 391 DM.

More than half of the company's 1994 profit came from its telecommunications division, which reported profit before taxes of 195 million DM, after a loss of 224 million DM in 1993.

"This was higher than we had been expecting," said Graham Phillips, an analyst with James Capel & Co. in London. "We'll have to look at our estimates again and consider an upgrade of the telecoms division."

The company's telecommunications activities are made up of Mannesmann Mobilfunk GmbH, a cellular phone company of which Mannesmann holds 58 percent, and Mannesmann Eurokom GmbH.

The company said it would name Hilmar Kopper, the chief executive of Deutsche Bank AG, as the head of its supervisory board in June. He will replace F. Wilhelm Christians who is supervisory board chairman of Deutsche Bank.

Mannesmann said overall operating profit rose to 598 million DM in 1994, from a 1993 operating loss of 127 million DM. As previously reported, sales rose 9 percent, to 30.4 billion DM, while new orders rose 20 percent, to 33.5 billion DM.

Operating profit at the company's machinery and plant division rose to 193 million DM from 103 million DM in 1993. The automobile-technology division's operating profit was 121 million, compared with a 1993 loss of 262 million.

The only unit to report a loss, of 21 million DM, was Mannesmann's trading division. In 1993, its loss was 23 million DM.

The company's electrical engineering and tube-and-pipe divisions returned to profit. Electrical engineering made a 10 million DM operating profit, after a 42 million DM loss in 1993. The tube-and-pipe unit made an 8 million DM operating profit, after a 132 million DM loss in 1993.

(Reuters, Bloomberg)

# Indian State Threatens U.S. Project

The Associated Press

**NEW DELHI** — A newly elected state government is reviewing an American company's contract to build a big power project that has been criticized as evidence that foreign companies are profiting at India's expense.

The outcome of the case, involving the Enron Corp. of Houston, is being closely watched both by international investors and the national Indian government, which has called the deal a litmus test for its plans to persuade international companies to finance roads, power grids and telecommunications.

Washington has made it clear that cancellation of the \$2.8 billion deal — the largest foreign investment ever made in India — could be a setback for future business in India.

On Wednesday in Bombay, the capital of Maharashtra State, the new government held its first meeting to frame its questions: Why didn't the preceding state government put the contract up for competitive bidding? Why were clauses so kept secret? Why are capital costs so

high? Why will the state electricity board pay so much for the power?

When Enron's gas-fired power station goes on line in 1997, it will sell electricity for 2.48 rupees (8 cents) per kilowatt hour, compared with 1.74 rupees the electricity board pays now. That cost will escalate to 8.72 rupees in 2016.

Bulldozers and more than 1,000 workers have already begun to clear a hilltop site for the 695-megawatt station on the wild coast overlooking the Arabian Sea in Maharashtra. The plant is being built by the Dabhol Power Co., which was formed by Enron and its junior partners, Bechtel Enterprises Ltd. and the General Electric Capital Corp.

But the state government says if wrongdoing is uncovered, it is not too late to cancel the deal.

The project has been mired in difficulties since Enron began negotiating it more than two years ago.

It went through nine court cases before it became a campaign issue in the state election last March. A coalition of right-wing parties opposing the deal ousted the long-entrenched Congress (I)

Party government in Maharashtra, India's most industrialized state.

Praising India's heritage of socialism and self-reliance, the winning alliance of the Shiv Sena and the Bharatiya Janata Party announced it would give preference to Indian companies over outsiders whenever possible in awarding contracts.

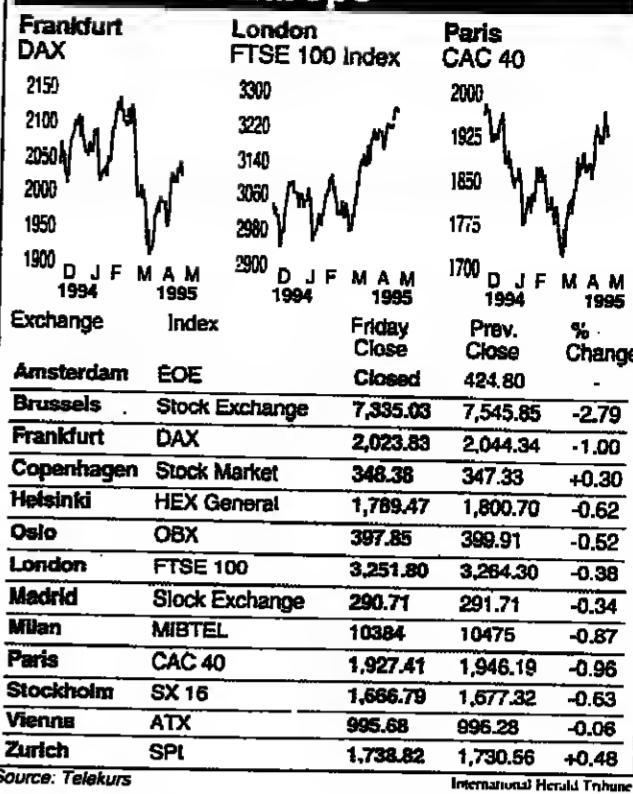
Enron says the deal looks so lucrative because it was negotiated in 1992 at a time when India was trying to lure foreign investors to develop its infrastructure. Subsequently, India has stopped making such generous terms.

But Praful Bidwai, a columnist for The Times of India newspaper, wrote Thursday: "The deal is irredeemably flawed."

Laying out the opponents' case, Mr. Bidwai said the hardware for generating power is only one-fifth the cost of the project.

Mr. Bidwai accused Enron of reaping such fantastic "unearned, windfall" superprofits that it would be cheaper for India to cancel and pay the compensation of \$100 million called for under the contract.

## Investor's Europe



Source: Telekurs

International Herald Tribune

## Sweden Hopeful on Joining Union

Compiled by Our Staff From Dispatchers

STOCKHOLM — Finance Minister Goran Persson said

Friday that Sweden would be able to meet the criteria needed to join the European Monetary Union by 1997, though it would have difficulty lowering its public debt to less than 60 percent of gross domestic product.

Speaking at a news conference, Mr. Persson said Sweden's debt would fall from current levels of 90 percent of the GDP, but added that he hoped Sweden could "discuss" the debt-to-GDP ratio criteria with the European Commission. Belgium and other countries, he

said, have a much larger debt ratio than Sweden.

The finance minister said that the other requirements for monetary union — lowering inflation and limiting the budget deficit as a percentage of gross domestic product — can be met. He repeated the government's forecast that the budget deficit as a percentage of GDP, now at 13 percent, will be at 3.5 percent by 1997.

Mr. Persson's comments came in the wake of accusations by opponents of the Social Democratic government that Sweden will not be able to meet the monetary union requirements in time.

Even if Sweden is able to meet the rules, it will still be up to Parliament to decide whether the country will join the union.

Mr. Persson also said Sweden would be able to meet the requirement for low interest rates, and that he hoped the Swedish krona would achieve a higher degree of credibility in the currency markets, which have hampered it to record lows this year.

But he added, keeping the krona stable was the responsibility of Sweden's central bank, the Rikskans.

(Knight-Ridder, AFX)

## Signet Investors Reject Bid to Sell Debt-Laden Firm

Reuters

LONDON — Shareholders in Signet Group PLC, the troubled British jewelry retailer, rejected on Friday a proposal to break up the debt-laden company that had been made by American-led holders of preference shares.

Signet, saddled with some \$360 million (\$580 million) in bank debt and £130 million in preference-dividend arrears, has been battling to recover since recession and over-expansion plunged it into the red. The company was formerly known as Ratners.

James McAdam, the company's chairman, said 72 percent of its shareholders had voted against the proposal. The rebel group had sought to break up the company and sell it for at least £700 million, but Signet's management fiercely opposed the plan, which it dismissed as little more than a fire sale.

Julian Treger, an adviser to the rebel group, said: "This is just our opening shot. We are owed £100,000 a day and we are not going anywhere." Signet shares closed at 140 pence, up 50.

## Very briefly:

• Belgium's National Bank said unemployment remained steady from March to April, at 10.1 percent; the Ministry of Labor said earlier this week that April unemployment stood at 13.4 percent. The National Bank's figures are calculated in line with standard European Union methods.

• Radiotelevisione Italiana posted a 1994 profit of 19 billion lire (\$11.5 million), reversing a loss of 479 billion lire a year ago; the state-controlled broadcaster forecast 1995 profit of 30 billion lire.

• Banco de Santander SA of Spain was reported to have bought a 2 percent stake in the Italian bank Istituto Bancario San Paolo di Torino SPA, for around 137.1 billion lira; Emilio Botin, chairman of Banco Santander, was named a director of San Paolo di Torino.

• Greece said consumer prices rose 9.9 percent in April from a year ago; inflation had not been under 10 percent since 1973.

• Ronnel-Ucaf SA, a French unit of Hoechst AG of Germany, said first-quarter sales fell 14.6 percent, to 3.94 billion francs (\$805.6 million).

• L'Ariquide SA, the French producer of industrial gasses, said first-quarter sales rose 3.8 percent to 7.9 billion francs.

• National Bank of Hungary forecast that annual consumer-price inflation would fall to below 25 percent by December; Hungary's annual inflation rate in March was 27.5 percent.

• Germany said crude steel production rose 7.7 percent in April from a year earlier, to 3.60 million metric tons.

• Siemens AG said its semiconductor unit increased production capacity by 40 percent at its factory in Regensburg, Germany, allowing it to produce 10,000 chips a day.

• CS First Boston said its two most senior Moscow executives, Boris Jordan and Stephen Jennings, had resigned to create a new Russian investment-banking and securities business.

• Kenya's annual consumer price inflation rate was negative 3.7 percent in April, down from negative 0.7 percent in March. The April rate was the fifteenth consecutive monthly fall; in April last year, inflation stood at 47.8 percent.

• ISS-International Service System AS, the world's largest cleaning company, said it bought Aabrik Rengoen AS, a rival Danish cleaning company; the companies would not disclose financial terms.

AFX, Bloomberg, Knight-Ridder, Reuters

## Strong Sales Lift Atlas Copco Earnings

Compiled by Our Staff From Dispatchers

STOCKHOLM — Atlas Copco AB said Friday that strong demand from all business areas in the first quarter helped lift its pretax profit 70 percent, to 647 million kronor (\$89.4 million), from the first quarter of 1994.

The Swedish mining and industrial machinery maker said it expected earnings for all of 1995 to be "considerably higher than in 1994."

Sales rose to 5.63 billion kronor from 4.83 billion kronor, while operating profit jumped to 612 million kronor from 397 million kronor.

Atlas said major sales increases were noted in the Americas, where it registered 24 percent of sales, as well as in India and Japan.

Sales also were strong in such key European markets as Germany, France and Spain. Europe accounted for 52 percent of all orders received in the first quarter.

Expectations had been hiked, but still it was an impressive result," said an analyst at the brokerage Alfred Berg Försäkringsbolag.

Atlas shares closed at 102 kronor, down 2.50.

(Reuters, Bloomberg)

## INTERNATIONAL FUTURES

AMEX

Friday

The top 500 most-active stocks, up to the closing on Wall Street.  
The Associated Press

Stock Sales High Low Last Chg.

**Friday's 4 p.m. Close**  
Nationwide prices, not reflecting late trades elsewhere.  
The Associated Press.

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

NYSE

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

12 Month  
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12 Month  
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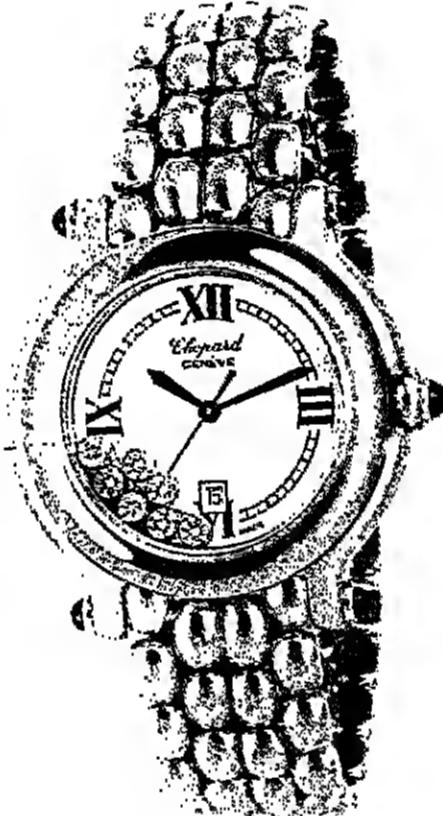
12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

*Chopard*  
GENÈVE  
depuis 1860

#### HAPPY SPORT\*

An extension of the unique "Happy Diamonds" concept with mobile diamonds. This water-resistant version combines sparkle and durability for today's active lifestyle. In solid gold ref. 27/6137, gold/steel ref. 27/8237, steel ref. 27/8236. Available at leading jewellers worldwide. For information: Chopard Genève, Tel. 22/782 17 17, Fax. 22/782 38 59 - Chopard Boutiques: Genève - London - Paris - Roma - Wien - New York - Dubai - Hong Kong - Kuala Lumpur - Singapore - Taipei - Osaka



CHOPARD

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

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12 Month  
High Low Stock Div Yld PE 1995 High Low Last Chg

Continued on Page 16

Reilly  
Eakes 28%  
Wilson &  
Acknowledged  
Take in An

Time

## O'Reilly Empire Takes 28% Stake In Wilson & Horton

Compiled by Our Staff From Dispatches

**WELLINGTON** — Ireland's Independent Newspapers PLC made another move toward expansion Friday, purchasing a 26.3 percent stake in the New Zealand newspaper publisher Wilson & Horton Ltd. for 293 million New Zealand dollars (\$199 million).

Independent Newspapers, headed by the Irish entrepreneur Tony O'Reilly, has publishing interests in Europe, South Africa and Australia. It acquired the stake from Bredbury Investments Ltd., which had been widely perceived as an unwelcome suitor for Wilson & Horton.

Last autumn, Independent bought 6.6 percent of Portugal's largest newspaper group, Jornalista.

Mr. O'Reilly, who also is chairman of the U.S. food concern H.J. Heinz Co., said he was "delighted to have acquired a strategic shareholding in Wilson & Horton." It was the O'Reilly family's second major foray into New Zealand, a country the family has praised for its open markets and stable economy. In 1992, Heinz bought Wattie Foods Ltd., New

Zealand's largest nondairy food producer.

Bredbury sold its stake for 10.50 dollars a share, but the company also will collect a special 1.50 dollar-a-share dividend declared Friday by Wilson & Horton. Shares in Wilson & Horton, which publishes New Zealand's largest circulation daily newspaper, The New Zealand Herald, rose 55 cents to close at 10.20 dollars on Friday. Announcement of the sale came after the stock exchange had closed.

"It's good for the company and good for the stock," said Mike Ryan, an analyst at the brokerage Jordan Sandman Wers, referring to Wilson & Horton. "It puts a newspaper company onto the register and they may be able to add some value."

The purchasing company was Independent Press Ltd., which was formed solely for the purpose of acquiring the Wilson & Horton stake. Independent Press is 50 percent owned by Independent Newspapers and 50 percent owned by the O'Reilly Trust.

(Reuters, Bloomberg)

## TNT Acknowledges Talks On Stake in Ansett Airlines

Reuters

**SYDNEY** — TNT Ltd., the Australian transport company, said Friday it had been in discussions with Air New Zealand Ltd. about the air carrier's possible purchase of a 50 percent stake in Ansett Airlines, which is 50-percent owned by TNT.

It has been widely reported in local media that Air New Zealand was close to an agreement to buy the stake from Rupert Murdoch's News Corp. for between 400 million Australian dollars (\$296 million) and 600 million dollars. TNT and News Corp. bought Ansett, Australia's second-largest airline, in the 1970s.

TNT was responding to a query from the Sydney Stock Exchange regarding shareholding arrangements relating to the possible sale.

"TNT advises it has been involved in discussions with Air New Zealand to define possible arrangements should the News Corporation Ltd. group decide to sell its 50 percent stake in Ansett to Air New Zealand," TNT said. "These discussions have focused on areas of compatibility between TNT and Air New Zealand should a sale of News' stake in Ansett occur."

"TNT is not involved in or privy to any discussions between News and Air New Zealand concerning the sale of News' 50 percent stake in Ansett," TNT added.

## In Search of a New ADB

By Kevin Murphy  
International Herald Tribune

AUCKLAND, New Zealand — The Asian Development Bank closed its 28th annual meeting Friday amid general agreement that its president of one year, Mitsuo Sato of Japan, had led the bank to a strong turnaround.

But precisely where the ADB should be headed next and who will pay for it all spurred heated debate among its 55 member countries during three days of speeches and meetings.

Indeed, as is the case with multilateral development banks elsewhere in the world, the Manila-headquartered institution is searching for a new role in changing times.

"We are now emphasizing quality over quantity of projects,"

Mitsuo Sato, president of the Asian Development Bank.

Bloomberg Business News

to get anywhere in terms of real growth."

India's top official here, N.K. Singh, a secretary for external affairs with the country's finance ministry, put the developing nations' concerns more bluntly.

"A sharply declining lending operation cuts at the very raison d'être of the bank itself," he said, registering India's disappointment in receiving only one loan worth \$150 million last year, compared with close to \$1 billion in loans in each of the previous two years.

"We face a situation where, to compete with the emerging Asian economies, we must have improved infrastructure

or most foreign investors won't bother to come," the delegation head of one poor but populous Asian country said.

The private sector isn't ready to take a risk with us when they have so many other options in the region now.

We welcome more emphasis on social and environmental projects but, without enough electricity, we're never going

blank checks and capitalist

guilt have withered away.

With Asia's nuts-and-bolts infrastructure needs now estimated to surpass \$1 trillion, many policymakers now argue that banks such as the ADB should leave most large-project commitments to the private sector.

Many donor countries,

moreover, are pleased to see the bank using its funds and

strong credit rating to provide

a critical linchpin for deals

largely financed by others.

"One is struck by the solid-

ity of the ADB these days,"

said Ole Kristian Holte, a top Norwegian official.

The United States, howev-

er, the bank's second-largest

individual shareholder,

halked at discussing the terms

of the seventh Asian Develop-

ment Fund while it was

still \$437 million in arrears on

a 1992 pledge to the sixth.

Nor would Washington

support moves by India and

China to be allowed access to

the so-called soft loan window

now denied them whenever

the seventh installment of the

fund was finally negotiated.

The world's two most popu-

lous countries' failure to

qualify for loans granted to

others at 1 percent interest

rates has been a cause of ten-

sion in previous meetings,

bringing China to the brink

of leaving the bank.

"People have to be realistic

about how much influence

donors can have these days

in some areas," one bank offi-

cial said. "Lending China

\$1.1 billion last year at slight-

ly better than commercial

rates doesn't buy a lot of le-

verage in Beijing."

## Lower Margins Slash Aokam's Net

Bloomberg Business News

KUALA LUMPUR — Aokam Perdana Bhd., the Malaysian plywood company, said Friday that its profit for the second half of 1994 fell sharply because of lower profit margins caused by slumping demand in China.

The company also blamed bad weather on the island of Borneo, where it gets its logs, for the disappointing results.

Aokam said its group net profit fell 25 percent in the six months to Dec. 31, to 39.1 million ringgit (\$15.8 million). Revenue rose 24.2 percent, to 123.64 million ringgit.

Margins on plywood were drastically affected by the weak prices triggered principally by the collapse of the Chinese plywood market," the company said. "The group's performance was further aggravated by the rescheduling of plywood production targets, which was necessary because of unexpected technical problems."

The company added that unusually heavy and prolonged rainfall during the period, along with the inability of logging contractors to harvest additional logs required by plywood mills, also affected production volume.

Aokam's shares fell sharply in Kuala Lumpur to 7.70 ringgit, down 2.30 ringgit.

## Acer Stock Is Hurt by Strong Yen

Bloomberg Business News

TAIPEI — Shares in Acer Inc., Taiwan's largest manufacturer of personal computers, rose by more than 6 percent Friday after the company said it had taken a charge of \$47 million Taiwan dollars (\$13.6 million) in the first quarter because of currency losses.

Acer shares closed at 74 dollars, down 5 dollars.

Philip Peng, the company's vice president for finance, had said last week that the loss would be about 253 million dollars and was chiefly due to the appreciation of the Japanese yen.

On April 27, Acer said its net profit for the first quarter rose nearly 37 percent from the year-ago period, to 749 million dollars. Sales increased 96 percent, to 11.2 billion dollars.

Acer also said Friday that it planned to enter the consumer electronics business by manufac-

turing set-top boxes and compact-disk players.

"These two products are sure things," said Rick Lei, Acer's vice president for sales and marketing.

Production of video compact disk players is expected to begin in Taiwan before the end of 1995. Set-top boxes, small computers mounted on televisions that let consumers order videos and interact with games, are expected to be produced some time in 1996. Mr. Lei said.

## Productivity Lifts San Miguel's Net

Bloomberg Business News

MANILA — San Miguel Corp., the Philippines' largest industrial concern, said increases in productivity and sales pushed its net income up 19 percent during the first quarter from the first-quarter of 1994.

Profit at the brewer and soft drink distributor reached 1.06 billion pesos (\$41 million), up from 894 million pesos in the year-ago quarter.

The conglomerate derives about two-thirds of its revenue from beverages, including its flagship San Miguel beer, Coca-Cola soft drinks, and Ginebra San Miguel gin.

## Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Straits Times	Nikkei 225
1993	2000	1993
18000	2400	20000
9000	2300	18000
8000	2200	17000
7000	2100	16000
6000	2000	15000
D J F M A M	D J F M A M	D J F M A M
1994	1995	1994
Exchange	Index	Friday
		Close
Hong Kong	Hang Seng	Prev. Close
		% Change
Singapore	Straits Times	2,058.80
		2,069.98
Sydney	All Ordinaries	2,065.90
		2,065.20
Tokyo	Nikkei 225	Closed
		17,088.88
Kuala Lumpur	Composite	954.44
		951.38
Bangkok	SET	Closed
		1,283.06
Seoul	Composite Index	Closed
		922.05
Taipei	Stock Market Index	5,574.99
		5,699.14
Manila	PSE	2,520.68
		2,474.12
Jakarta	Composite Index	427.01
		424.39
Wellington	NZSE-40	2,131.55
		2,122.48
Bombay	Sensitive Index	3,196.25
		3,104.23

Source: Telekurs

International Herald Tribune

MTV Is Launched in Asia

Reuters

HONG KONG — U.S.-based Viacom Inc. and Polygram NV of the Netherlands officially launched their joint venture satellite music channel, MTV Asia, on Friday. The English-language channel was to be beamed to 30 countries.

To subscribe in Germany just call, toll free, 0130 84 85 85

## 1994 Results of Bankgesellschaft Berlin AG

# The Capital Bank

### Satisfying Development in Our First Year

Since the founding on January 1st, 1994 of Bankgesellschaft Berlin AG, simultaneously independent investment bank and joint holding company of the Berliner Bank AG, the Landesbank Berlin, and the Berliner Hypotheken- und Pfandbriefbank AG, we have focused on realizing synergy potentials to insure that favourable cost and earnings structures promote the Group's future success. Despite extensive restructuring, we attained satisfactory results in nearly all fields in which our Group is active. However, the exceptional results of 1993 were not reached.

### Dividend Increase to DM 11

After appropriations to our open and hidden reserves, we will suggest to our shareholders at our Annual General Meeting on June 16th, 1995 that the dividend be raised from DM 9 to DM 11. This increase in the foreground of the difficult 1994 banking year reflects our optimism for the Group's prospects.

Equity Supply insures Growth Capacities

At the end of 1994 the Group's equity capital amounted to DM 8.1 billion, which corresponds to a Tier I capital ratio of 9.4 % and a Tier II Capital ratio of 11.7 %. This substantial equity supply makes capital calls on our shareholders unnecessary and insures the growth capacities of our Group for several years.

### Strategy Implementation

In 1995 we will continue the restructuring of our holdings and the instal-

lation of common EDP systems. Our main priorities also include the expansion of our investment banking activities and the improvement of Group risk management. Despite continuing investments in personnel and computer systems, the positive outlook for general economic development and existing Group business makes us confident that the Group can improve its market position and increase its earning power.

We will be happy to send you a 1994 annual report on request.

Bankgesellschaft Berlin AG  
Investor Relations  
Hardenbergstraße 52  
10623 Berlin

Phone: (+49 30) 51 09-28 49  
Fax:

**Friday's 4 p.m.**

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.  
*The Associated Press.*

NYSE

**Friday's 4 p.m. Close**  
**(Continued)**

**NASDAQ**

## FIRST COLUMN Endowing Leveller Our Age

**Settle-Down**

## FIRST COLUMN

## Landowning Is Leveler Of Our Age

**I**t is one of two genuinely timeless benchmarks of wealth. What other assets, apart from land and gold, would have marked out a person as being wealthy two, three, or four thousand years ago? Sorry, but stock options hadn't been invented then.

The development of paper money, also known as financial assets, has undoubtedly had an impact on the way we think about real estate. Property companies and their share capital offer an indirect route to benefiting from real estate, as do mutual funds — some of which are taking increasingly obscure routes to reap a dividend from the land.

So much for funds. An undoubtedly more significant change to the nature of land as an asset has been effected by credit. Thanks to bank loans and other credit facilities, a person may be in possession of property without actually owning it. In that sense, the assumption of wealth made when we see someone in possession of land may be erroneous. The true owner may be the lender.

The real impact of credit, of course, is far more insidious than that of making us look twice when conducting an unofficial audit of an acquaintance's financial well-being. The availability of home loans in developed economies means that real estate prices are far more volatile than before. The word "leveraged" signifies, to the majority of literate people, something to do with bars and balances and physics exams. But it is the ability to buy while having just a fraction of a property's price saved up that makes for the boom-and-bust cycles seen in many property markets.

Yet the increased access to property ownership is ultimately a good thing. An individual in a relatively low-paid job stands a good chance of obtaining credit to buy property. Certainly better than that of a medieval serf, or a Roman slave. Perhaps we should remember this the next time interest rates — and mortgage bills — rise.

M.B.

## Betting the House, Literally, on Money Markets

By Aline Sullivan

**T**he two words "foreign exchange" have become a kind of mild epithet in many people's vocabularies. It conjures images of banks playing fast-and-loose with the world economy, of callow youths wantonly tossing billions back and forth in quest of profits. The world of foreign exchange has inevitably been linked with the big players. This week, for example, dealing rooms were waiting for news from the Japan-U.S. auto trade talks in Vancouver and the April U.S. payroll numbers before deciding whether to drive the dollar below the 83 yen level. Big numbers, big players.

Yet foreign exchange plays are also available to the individual investor. All you have to do is put your house on it. Or take a loan out against your house denominated in a currency other than local. Thus individuals who believe they can outsmart the markets can make their play and hope the markets can make their play and hope to reduce their debt or interest payments.

**B**orrowing in another country's currency means the loan is based on that country's prevailing interest rate, which may be much lower than that where the property is purchased. It also enables an expatriate to fund his mortgage in the same currency as his paycheck.

But these mortgages are still not for the faint-hearted. The risk is that the lending bank will automatically convert the loan to the local currency when a trading loss has exceeded a predetermined amount, usually 15 percent of the outstanding loan. At that point what was previously a loss only on paper becomes all too real.

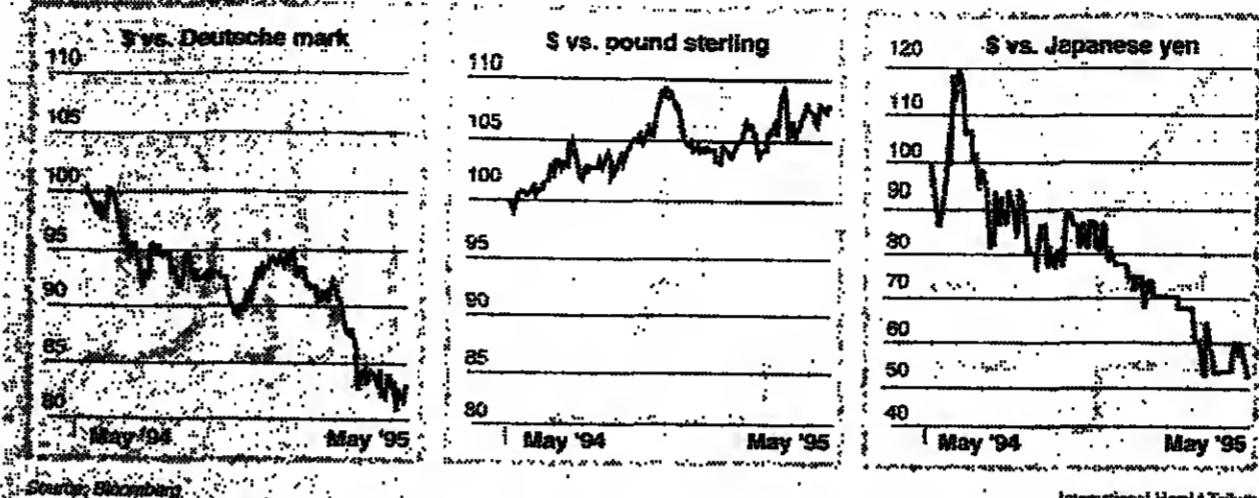
Just how real was demonstrated after the collapse of the European exchange rate mechanism, or ERM, in 1992. Until then,

many financial market professionals had been eager to test their skills outside office hours on their own mortgages. Some were successful, securing a low interest rate and then making substantial cuts in the outstanding loan by switching currencies at the appropriate times. But many had no such luck.

"We had to switch back a number of loans after Britain left the ERM," said Colin Freeman, lending manager at Barclays Bank's Offshore Lending Center in the Isle of Man. The value of the pound plunged about 25 percent against the dollar at that time, making dollar loans on prop-

## High Stakes on the Foreign Exchange Markets

U.S. dollar vs. various currencies over one year to May 2, 1995. May 5, 1994=100.



## International Real Estate

**P**age 19  
High prices, high places in New York  
London's upper crust  
Hong Kong comes to Canada  
European country houses

erty paid in pounds that much more expensive.

Borrowers who had taken out a \$160,000 loan worth £100,000, for example, suddenly owned £125,000 because the bank, alarmed by the collapse of sterling, had reconverted the loan.

"That put people off these mortgages for a bit," said Mr. Freeman.

After this debacle, some banks quit underwriting multicurrency mortgages.

These had been run by currency advisers, or the borrower if he were judged knowledgeable enough, who would trade funds and debts in 20 or more currencies.

"Managed currency mortgages were aimed at British people who wanted to make a foreign exchange gain," Maria Chapman, senior private banking officer at Bank of Boston in London.

"We don't sell those any more," she added. "Most of our clients are now inter-

national executives who are earning their money in another currency and want their mortgages to be the same."

But plenty of investors are still taking their chances. Nick Sutton of RFCL Ltd., a subsidiary of the London insurance broker Fraser Group, puts clients in touch with global banks to arrange mortgages in Japanese yen, Swiss francs and other currencies.

Mortgages divided between several currencies can also be arranged.

"The mortgages can be in corporate or individual names, on or offshore, and in one or several currencies," he said. "Usually we can arrange a rate of about 1.5 percent over Libor," the London interbank offered rate. His firm charges a fee of about 1 percent of the total loan.

Most of Mr. Sutton's clients, who must have an annual income of at least £50,000, also employ currency adviser, like the ECU Group in London, to manage their exposure. Generally, these charge about £100 a month and 15 percent of any net currency gain when the mortgage is redeemed.

Borrowers dealing directly with a bank usually pay about 2.5 percent over the prevailing interest rate in the country from which they are borrowing. Loans are mostly managed on a three-month forward lending contracts which enable the borrower to

switch currencies every three months without charge. The are no fees for early redemptions.

Foreign currency loans are most popular in Britain where the currency selected is usually the dollar although both currencies have been extraordinary weak in recent months. In other countries, stringent regulations have discouraged borrowers from these types of loans. But several major banks are expanding this business to include clients buying property in France.

**B**anks issuing foreign currency mortgages usually require a minimum loan equivalent to £50,000 and most insist of £100,000. The mortgage represents no more than 70 percent of the property's value in most cases and sometimes as little as 60 percent. Most banks will convert the mortgage back into pounds if its currency exposure reaches 75 percent of the total value.

"Currency lending has far greater risks for the bank and the customer," explained Mr. Freeman of Barclays.

"By limiting the mortgage to 60 percent of the property's value, we make sure that we maintain a good level of equity."

## To Settle Down in an Exclusive Tax Haven, It Helps to Be Famous

**M**oney is not everything, at least for would-be purchasers of real estate in some of Britain's offshore territories who are often willing to pay well above local rates to call one of the islands home.

Constraints on foreign, or nonresident, ownership have created tiers in the real estate markets in the Channel Island and Bermuda, as well as in Switzerland where the price differential is less but the purchasing process can be just as laborious.

In most of these locations, few properties are available to foreigners and those that are can — and usually do — sell at

twice the price of comparable houses on the local market.

Prospective buyers need a lot of confidence as well as substantial funds. The legal restrictions on ownership that underpin the values of the houses allocated for foreign buyers could disappear if the Channel Islands or Switzerland join the European Union, or if Bermuda declares independence.

Most of these scenarios are unlikely, however. Swiss voters rejected EU membership two years ago, and most Channel Islanders are vehemently opposed to changing their political status. They could,

in theory, be dragged into the EU but only if all member states voted to do so. Britain, many islanders insist, would be unlikely to vote yes.

Bermuda's status is more ambiguous. In July, Bermudians will go to the polls to determine their relationship with Britain. To date, opinion polls have suggested that there will be no change in the island's colonial status. But the local property market has been stagnant for months because investors worry that a new government may tamper with Bermuda's attractions as an offshore center.

Offshore status and the exclusivity it brings is the big draw for all these locations. Otherwise, there would be little point, because foreign buyers don't get much for their money in Bermuda or the Channel Islands. The islands are beautiful, of course, but the houses are modest compared with those of comparable cost in Europe or North America.

Jersey is among the most exclusive. Each year, 20 or so millionaires compete for the five housing permits available to foreign buyers. They must be able to demonstrate capital wealth of at least £10 million and an annual income of £500,000 that will be subject to the island's 20 percent income tax.

"Wealthy newcomers must satisfy the authorities that they would be a benefit to the island," said Philip Gurdon of local real estate agent Hamptons.

"They have to apply to the Housing Committee and the Economic Adviser's office where they must have their financial soul," he said. "Newcomers are judged on their social and economic attributes and a well-known pianist or racing driver may be allowed in with less money."

Apart from the rich and famous, other foreigners are also allowed to buy property in Jersey but only temporarily — and only if they are considered essential employees of a local company or organization. They must pay a minimum house price based on their occupation, about £200,000 for a

teacher, for example, and leave after five years.

In Guernsey, about 1,700 houses, or 10 percent of the total, are available to British residents or EU citizens. The register closed in 1983 and it is very unlikely that any more properties will join their ranks.

Richard Mathews, director of the island real estate agent Shields & Co., estimated that these houses are about 50 percent more expensive than their local market counterparts. The cheapest costs £200,000, and most sell for far more than that — up to £10 million. Properties are available at any given time, he said.

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## THE MONEY REPORT

**New York Offers Lofty, but Somewhat Expensive, View of the Chic and the Bleak**

By Judith Rehak

To experience the diversity of New York City's loft life, you need only visit the downtown SoHo district any evening. Harley Davidson motorcycles share space with limousines outside trendy restaurants; inside is the "see and be seen" crowd—designers, photographers and models, clad in the requisite black. Elsewhere, Japanese and Italian shoppers crowd stylish boutiques and art galleries that remain open well into the evening.

Only minutes away, nestled between SoHo and the city's financial district, a drastically different loft lifestyle prevails. The TriBeCa neighborhood is quiet, small-town, and family-oriented. Its residents are likely to be pushing baby strollers, and its chief attractions are not galleries, but an excellent public school (in a city where tuition at a private school can easily run \$10,000 a year), and the Hudson River Park, at the edge of the water.

Loft living in New York City has evolved since the mid-1970s, when artists began renting open floors in commercial buildings, first as studios, then as a com-

bination residence and studio. The buildings' original tenants, like butter and egg warehouses, clothing manufacturers and printing shops, had gone out of business or left the city.

Today, however, "unless an artist is established, a loft is prohibitively expensive," said Susan Sears of Bascom & Sears, a downtown real estate broker. Lofts

**"Apartments can only be decorated, but lofts are open and can be changed."**

have become the residences of choice for photographers, fashion designers, people in the entertainment industry, and Wall Street bankers who like to walk to work. In TriBeCa, loft owners are "families whose common sense tells them they should leave the city, but they can't bear to," said Barrie Mandel, who handles loft sales in the neighborhood for the Corcoran real estate group.

But there are common threads among this wildly diverse group, according to real

estate agents. "The profile of someone moving downtown is someone who sees himself as moving into a loft and making it their own vision," explained Jan Hashey, a loft specialist for the real estate firm of Ambrose-Mar Ellia.

"They're people who want open spaces and are attracted by the flexibility of the space," Ms. Mandel added. "Apartments can only be decorated, but lofts are open and can be changed."

Like all of New York City's residential real estate, the loft market was hit by a steep downturn in prices during the late '80s, and is only now beginning to recover.

Currently, the price of a typical loft in SoHo with an area 80 feet deep by 20 feet or 1,600 square feet (145 square meters), ranges from \$450,000 to \$800,000, said Ms. Hashey. A loft at the high end of that price range would have a passenger elevator instead of a freight elevator, be located on the top floor of a building, or close to it, and have good light or views.

Architectural features such as columns and brick walls are also sought after, but otherwise loft owners like their space to be fairly pristine, Ms. Hashey said. "Lofts that have been overdesigned with marble

bathrooms, window treatments and mezzanines don't work," she observed. "People don't want to pay for ripping out some one else's fantasy."

Size is another major influence on price. "It's hard to find 2,200 square feet and

**"In the heart of SoHo, prices are totally abstract because there are people who want only to be there, and will pay whatever it takes."**

above," Ms. Mandel said, "so they command a premium."

As always in real estate, location counts. A buyer who will settle for a loft at the edge of SoHo can find one for \$450,000, said Ms. Hashey. "But in the heart of SoHo, prices are totally abstract because there are people who want only to be there, and will pay whatever it takes."

Corner units of 1,800 square feet on a high floor are selling for \$190,000 to \$230,000," Ms. Sears said. "I recently sold a loft to a creative director for an ad

Average New York Loft Price In thousands of dollars	1200-1500 square feet 1984	1200-1500 square feet 1993	1501-2000 square feet 1994	1501-2000 square feet 1993	2001-2500 square feet 1994	2001-2500 square feet 1993	2501+ square feet 1994	2501+ square feet 1993
SOHO/HOHO % change	320 -3.0	330 n.c.	405 n.c.	405 -3.9	495 -3.9	510 -7.1	765 -7.1	700 -7.1
VILLAGE % change	285 -1.7	280 +1.2	410 +2.0	405 +2.0	500 +2.0	490 +2.0	750 +2.0	700 +2.0
GRAMERCY/FLATIRON % change	370 +7.2	345 -3.8	395 +10.6	410 +10.6	575 +10.6	520 +10.6	715 +10.6	715 +10.6
CHELSEA/WEST 20'S % change	265 +12.7	235 n.c.	350 +8.4	370 +8.4	675 +8.4	675 +8.4	720 +8.4	720 +8.4
TRIBECA % change	276 +1.8	276 +11.7	380 +5.2	340 +5.2	505 +5.2	480 +5.2	1,066 +5.2	1,066 +5.2
General appreciation			+4.1	+4.1	+4.2	+4.2	+4.2	+4.2

Source: The Corcoran Group

She noted that a top floor loft in the center of the district is currently on the market for \$1.3 million.

Although SoHo and TriBeCa remain the most well-known loft neighborhoods, pioneering spirits who won't compromise on space and have less to spend are heading up to Manhattan's West 30s along Ninth and Tenth Avenues.

"Corner units of 1,800 square feet on a high floor are selling for \$190,000 to \$230,000," Ms. Sears said. "I recently sold a loft to a creative director for an ad

agency and an art gallery owner. They got great space, completely renovated, for well under \$300,000."

Not surprisingly, these real estate agents think that right now is a good time to buy.

"There's been a steady increase in prices, but not a wild increase," Ms. Sears said.

"Interest rates are low, and people feel more comfortable about committing to the city," she said, adding: "The only problem is, there's not enough supply."

**London Property Analysts Are Cautious on Outlook**

By Iain Jenkins

**M**ore than ever opinion is split over the prospects for residential property in central London. In the past year, real estate prices for four-bedroom houses or apartments in Kensington, Chelsea and Mayfair have risen by 15 percent. But today prices are flat, with few good properties coming onto the market.

Investors and home owners are still traumatized by the severity of the real estate slump of the '90s when prices plunged 15 to 25 percent. No area was spared. Even exclusive Cadogan Square and Park Lane suffered. Many now wonder if the market will ever regain its luster.

Recent surveys by the Halifax Building Society, the biggest lender in the British residential market, showed that prices fell 1 percent around the country in 1994. This has helped fuel the lack of confidence. Prospects of a further rise in interest rates will also hurt.

But Peter Rollings, manager of the Foxtons estate agency in Kensington, shrugs off the pessimism.

"What is going on in the rest of the country has nothing to do with central London," he said. "Our area is part of the international property market and while I wouldn't say it was booming, prices are going up and properties are shifting," he says.

Mr. Rollings points out that by international standards, London prices are modest. A German client recently told him that he couldn't believe how "cheap" London was, helped by the fall of the pound against the Deutsche mark and other currencies.

**In the World of Country Houses, Remote Is Cheaper**

By Rupert Bruce

**T**hat location is everything is a hackneyed phrase in the real estate business. Hackneyed, but true—especially of the market in European country houses.

If you are looking for a country house along one of Europe's more fashionable Mediterranean coasts, expect to pay at least five times as much as you would for a comparable property in a remote part of the Continent.

In the Quinta del Alisa, for example, a stunning six-bedroom house with a three-bedroom staff house, perched on six hectares overlooking the Costa del Sol, 15 kilometers from Marbella, will cost you \$6 million. Meanwhile, Earshill Castle, near the town of St. Andrews in the Scottish county of Fife, a 6-bedroom house with a staff flat and three smaller houses on its 14 hectares, is on the market for \$1 million.

The basic economics of supply and demand dictate this contrast. Wealthy families from northern European countries, like Germany and Britain, and to a lesser extent the United States, want to holiday in warm and beautiful spots in southern Eu-

rope. They need their holiday homes to be close to airports, and feel comfortable in regions where there are facilities for tourists. So buyers compete, prices rise.

Naomi Greathanks of Hamptons International put it simply: "The more desirable an area, the more you have to pay for it."

While there has long been a price differential between fashionable and unfashionable areas, during the 1980s prices in the most fashionable regions rose particularly steeply. In addition, areas like Provence in France began to become fashionable, so prices there rose even more rapidly.

In the recession of the early 1990s, however, prices took a dive, and it is only recently that they have started to stabilize. This is being helped in Italy and Spain by the slump in local currency values.

Giorgio Viganò, of the Milan real estate agent of that name, says he has frequent inquiries from German and French nationals who hold their wealth in the relatively strong Deutsche marks and French francs.

The fashionable and most expensive areas are concentrated in pockets of Tuscany, the South of France, southern Spain and the Balearic Islands.

In Tuscany, the Chianti Valley is the

most exclusive area and fetches the highest prices. The most historic house Mr. Viganò has on his books is the Villa Puccini, the Tuscan country house built for the composer, who wrote the opera "Tosca" there. With its three additional outbuildings, the price tag is \$2.1 million.

In France, houses in Provence are beginning to sell well once more. Hamptons International has just sold the Domaine des Sarrins, a five-bedroom, 18th century bastide, or manor house, for 4.75 million French francs (\$970,000) against an asking price of 4.95 million francs. The estate has two of its own wine labels: Domaine des Sarrins, and Vin de Pays d'Argens.

Also in Provence, Hamptons has a 16th century bergerie, or farmhouse, for sale at 10.5 million francs. Lafoux overlooks the Luberon Valley and has five bedrooms in the main house, and a guest house. It also produces wine under the Lafoux label.

In Spain, the Balearic island of Majorca is one of the regions that suddenly rose in price in the 1980s. Most of the country dwellings there are old farm houses. One, a large seven-bedroom stone building in the foothills of the mountains behind Palma, is on the market for \$3.4 million.

But even in Germany, not a country

renowned for its exclusive resorts, country houses in Baltic summer vacation spots fetch high prices.

Even a relatively small distance can mean a great difference in price.

In Italy, Mr. Viganò sells Tuscan houses a short distance from the Chianti Valley, which makes them considerably cheaper. David King of Hamptons said country houses in the Dordogne, in southwest France, often sell for about \$500,000.

"Dordogne," he said, "was an area of chateaux, whereas Provence was not. Traditionally, Provence was a very poor area."

Some of what were Europe's poorest areas are now becoming its most expensive.

He noted that 10,000 families from Taiwan immigrated to British Columbia in

ing in real estate on a "macro" basis is a good thing in principle," said Mr. Butler.

The fund is open-ended, and is domiciled in the British Virgin Islands. Its shares will be traded on the Dublin Stock Exchange. Minimum investment is \$100,000, and initial charges run at 3 percent with an annual fee of just under 2 percent.

For more information, write Custom House Asset Management, 31 Kildare Street, Dublin 2, Ireland; or call Duhlin (353 1) 661 3400, or fax Duhlin (353 1) 661 3601.

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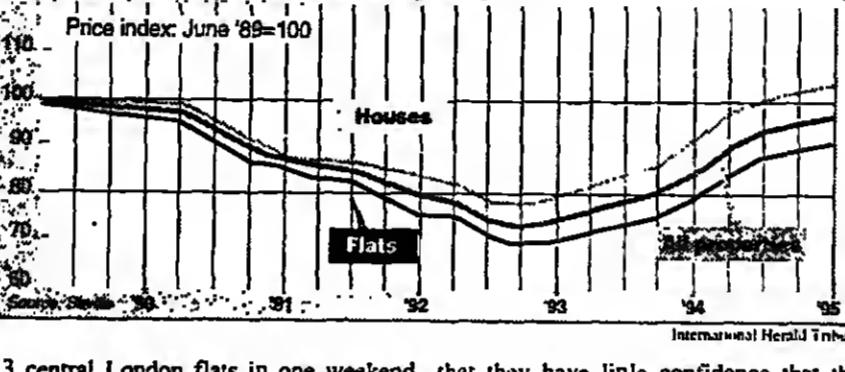
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## SPORTS

# Yanks' O'Neill Thumps Umps

*The Associated Press*

A show of hands from those glad the real umpires were back would not have included Paul O'Neill's.

In the umpires' first two games since returning from being locked out by owners, O'Neill felt he was the recipient of three bad calls, the last of

## AL ROUNDUP

which would have cost him a home run Thursday night in the New York Yankees' 5-3 victory over the Boston Red Sox.

"If they hadn't called that a home run, I don't know what I would've done," he said.

O'Neill, who felt he was robbed of a stolen base Wednesday night and was angered earlier Thursday when he was called out on strikes, led off the bottom of the eighth against Derek Lillquist. His line drive cleared the fence in right-center field, hit the wall behind it and bounced back on the field.

But his home run trot ended when the umpires signaled that the ball was in play.

Manager Buck Showalter rushed out to argue and the four umpires, after a brief consultation, ruled it a home run and O'Neill got his second homer of the season to make it 3-3.

Don Mattingly hit his first homer one out later and Tony Fernandez drove in the fifth run with a two-out single.

"Paul said I probably saved his life," Showalter said. "He thought that he'd be out."

Mo Vaughn had given Boston a lead in the first with a two-run homer, his third. The Yankees evened it on an RBI double by Danny Tartabull in the first and a run-scoring single by Mattingly in the third.

Tim Naehering made it 3-2 in the fourth with his first homer of the year and that was it until the eighth — and O'Neill's latest scrape with the umps.

**Orioles 5, Brewers 2:** Harold Baines drove in two runs as Baltimore rallied behind nine walks before 30,019, the second-smallest crowd in the four-

year history of Camden Yards.

The Orioles were trailing by 2-1 in the seventh when Jose Mercedes walked the first three batters and Baines hit a sacrifice fly. Chris Hoiles followed with a run-scoring fielder's choice. Brady Anderson, who had three hits, doubled in a run in the eighth and Rafael Palmeiro added an RBI single.

Kevin Seitzer drove in both runs for the Brewers, who were trying for their first three-game sweep at Baltimore since 1987.

**Royals 6, Twins 0:** Kevin Apier pitched seven scoreless innings to lower his ERA from 0.71 to 0.46 and struck out 12, while Greg Gagne and Phil Hiatt hit two-run homers for visiting Kansas City.

Gagne hit his first homer of the year and the first of his career against the team he spent his first 10 major-league seasons to make it 4-0 in the fourth. Hiatt's second of the year made it 6-0 in the seventh.

**Tigers 4, Indians 3:** David Wells retired 14 consecutive batters starting in the second as visiting Cleveland was held to fewer than 10 hits for the first time this season, while Orel Hershiser allowed a solo homer to Kirk Gibson in the second and a two-run homer to Bobby Higgins in the third.

Manny Ramirez homered for the Indians in the eighth, his third solo homer in three days, and his fourth of the season. Kenny Lofton and Omar Vizquel had RBI doubles in the eighth to make it 4-3, but Mike Henneman struck out Eddie Murray with the bases loaded to end the inning.

**Athletics 9, Angels 6:** Homers by Geronimo Berroa and Terry Steinbach helped visiting Oakland win after a brief delay.

The fights took place in the bottom of the seventh, when Jim Corsi hit Tim Salmon, who homered his previous time up, Oakland's Mark McGwire had been hit twice — in the fourth and seventh. Several skirmishes broke out, with Steinbach, who had a small cut on his left ear, apparently the only injury. He remained in the game and there were no ejections.

**Shortstop Omar Vizquel had as much trouble with the ball as his Indians did with the Tigers' pitcher, David Wells.**

## NHL: No Loss at Box Office

*The Associated Press*

The lockout that cut the National Hockey League season from 84 games to 48 didn't do much damage at the box office.

The Chicago Blackhawks became the first team in NHL history to average more than 20,000 fans per home game, as they averaged 20,810 for their 24 games in the new United Center, up from an average of 17,788 last season at Chicago Stadium. The gain of 3,022 per game was also a league high.

St. Louis, which also moved into a new building, posted the second-largest gain, 2,181 per game to 19,742.

Nineteen of the 26 teams played to more than 90 percent of capacity, eight played every game before a full house, and fan interest continued strong in new markets.

But seven of the eight Canadian-based teams saw attendance fall, ranging from 20 per game in Montreal, which still played to more than 100 percent capacity, to a league-high 1,388 a game in Vancouver.

Ottawa, playing in the NHL's smallest facility, averaged a league-low 9,879 at the 10,575-seat Civic Center, Quebec, which won the Eastern Conference title, had its attendance drop from 14,651 per game to 14,394.

## Marlins and Reds Lose Out to Rain and Timing

*The Associated Press*

Had the rain begun five minutes earlier in Miami, the Marlins would have won their second game of the season.

Had the rain lasted much longer in Cincinnati, the Reds might not have lost their seventh.

The downpour in Florida struck in the top of the ninth inning, but just before the skies opened the Atlanta Braves scored three times to tie at 3-3.

After a delay of 1 hour, 17 minutes, the umpires suspended the game. It will be resumed Sept. 7 — the next time the teams meet at Joe Robbie Stadium.

Mark Lemke tied the score

with a triple. Had the rain begun before he batted, Florida would have been ahead, 3-2, and the umpires would have called off the rest of the game.

"It was fortunate timing," Lemke said. "Another five minutes, and maybe we don't get out here with a tie."

**Phillies 6, Reds 4:** The rain delay in Cincinnati lasted 2 hours and 17 minutes, then the Reds took a 4-0 lead just a few minutes later in first inning, only to have Philadelphia scored the rest of the runs to drop the Reds' record to 1-7.

utes, and maybe we don't get out here with a tie."

Matt Williams followed Bonds' bases-loaded walk with a two-run single that gave visiting San Francisco two insurance runs it ended up needing.

**Astros 6, Cardinals 4:** Visiting Houston won its fourth straight on doubles from Dave Magadan and Tony Eusebio in the eighth.

Magadan hit a ground-rule double to make it 4-4, and Eusebio followed with a double down the right-field line for two more runs.

Ron Gant hit a three-run homer, his second in as many nights after receiving two cortisone shots in his ailing right knee. But the Phillies got one in the second, two in the seventh, and one in the ninth. Charlie Hayes drove in the go-ahead run with a bases-loaded sacrifice fly in the eighth.

**Mets 5, Expos 1:** Butch Henry took a no-hitter into the seventh, when Bobby Bonilla led off with a triple, visiting New York tied, then loaded the bases in the top of the 10th.

That brought up Todd Hundley, and the switch-hitting catcher hit a grand slam to left field, his second of the year.

**Reds 6, Braves 2:** The rain delay in Cincinnati lasted 2 hours and 17 minutes, then the Reds took a 4-0 lead just a few minutes later in first inning, only to have Philadelphia scored the rest of the runs to drop the Reds' record to 1-7.

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## An English Oddity Can Win the Derby

Jumron: 10-1, With Kick

By Joseph Durso  
New York Times Service

LOUISVILLE, Kentucky — His trainer, who spent six years as a pharmacist at Fourth and Wilson in Santa Monica, California, has never raced a horse outside California.

His owner, who used to run an electronics company, noticed that the horse had raced four times in 22 days last October at Portland Meadows in Oregon and Hastings Park in Washington, winning three times and running second once, and promptly wrote a check for \$150,000 to buy him. "I didn't even look at his pedigree," he said. The owner has never seen a Kentucky Derby.

His jockey, the leading rider in Brazil 21 years ago when he was 18 years old, came to the United States for a week in 1976 and finished last in the Washington D.C. International.

And the horse, Jumron, was bred in England of undistinguished ancestry, was sired by a sprinter, raced in the minor leagues in Oregon and Washington, was sold three times before he reached his third birthday and once was returned because of a crooked foot. He is named for a mountain in Saudi Arabia.

But, somehow, all have made it to Churchill Downs, where Jumron will be waiting in the weeds Saturday, ready with the mighty finishing kick that nearly won the Santa Anita Derby five weeks ago.

He was a 15-1 long shot going into that race, but was nosed out by Lary the Legend and Afternoon Declines after a mile and an eighth. At the close, he was sprinting and probably would have won at a mile and a quarter, the distance he will be running in the 121st Kentucky Derby.

Win or lose, the bay colt is one of the strangest competitors in Derby history. Six months ago, he was racing every Saturday in Oregon. Now, he is 10-1 to win here this Saturday.

"This is a real good horse," reported the trainer, Gary Lewis. "He's happy, he likes the weather, the people, everything. All we need now is some luck."

Like a fast pace set by Talkin Man, Seren's Song or Wild Syn. If one of them does, then watch out for the closers like Timber Country, Tejano Run — or Jumron.

"My Uncle Wally trained four Derby horses when I was a kid," said the owner, Charlie Dunn. "The closest he came to winning was fifth with Correspondent in 1953. But racing has always been my passion."

"One day at Portland Meadows, I saw this 2-year-old colt closing like the wind. The other horses got there 3 seconds later. I drove over two weeks later and said to the trainer, a man named Azz al-Saud, 'Is that horse for sale?' He said yes, so I wrote him a check. Inside three hours, he was in my shed room."

"My uncle called and said, 'This horse is going to take you to the Derby,' I said, 'Yeah, the Oregon Derby.'"

But two months later, they shipped him to Bay Meadows near San Francisco, and Jumron closed with a rush to finish within a head of Valid Wager. Then he won the El Camino Real and the Golden State Derby, missed winning the Santa Anita Derby by half a length — and Uncle Wally's prophecy came true.

## WORLD WAR TRUE! By Bob Klahn

ACROSS	62	— go, into the	102	Red letters
1 Actor Cage	63	Switch	104 Author James	104 Author James
8 Mosaic piece	64	— Miss	and others	and others
15 Einbors	65	Rara	107 Negotiations	leading to the
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to Henri	67	Gaping opening	Germany —	Italy —
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25 Put out	72	Play by E.E.	117 Okinawan	117 Okinawan
26 Ran out	73	Cummings	septon	septon
27 To the extent that	74	Author Robbie	120 Broke hue	120 Broke hue
28 The German	75	Gillet et al.	121 Yellow pages	121 Yellow pages
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31 Purposeful	80	Market money	82 The first	82 The first
32 Miss-named	81	Page of music	83 non-Britisher to	83 non-Britisher to
33 Rose hip and	82	Dickin Medal	receive Britain's	receive Britain's
Red Zinger, e.g.	83	for Gallantry	Dickin Medal	Dickin Medal
34 Checkov's	84	was a —	For Gallantry	For Gallantry
"Uncle —"	85	Don	85 The	85 The
35 Goddess of night	86	Glamour	86 Refugees	86 Refugees
40 Province of	87	competitor	87 "Prince" —	87 "Prince" —
Latinum	88	Hoops up	(Aladdin's) song	(Aladdin's) song
46 60's satellite	89	Leaning	88 Pretend to be	88 Pretend to be
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47 Lock horns with	91	Model's	promoted	promoted
48 Poisons antidotes	92	makeup, often	for Victory in	for Victory in
52 Bedroom	93	neatness & bed	musical Morse	musical Morse
53 Sodomy	94	One who	code by	code by
55 Hitler's	95	neatness & bed	frequently	frequently
biting theory was based on the	96	97 Ottoman V.I.P.	broadcasting	broadcasting
101 Letter from	97	98 Quarter back	145 Pennsylvania	145 Pennsylvania
Athens	98	101 Letter from	146 Railroaded city	146 Railroaded city
102 Nerve impulse	99	Athenians	147 Flower petals,	147 Flower petals,
point	100	102 Nerve impulse	collectively	collectively
103 Fishermen's	101	103 Fishermen's	148 Biblical list	148 Biblical list
petron	102	102 Nerve impulse	149 Blue books?	149 Blue books?
112 DAWN	103	103 Fishermen's	150 Here and there,	151 Here and there,
1 Raid the	104	104 Here and there,	to Pierre	to Pierre
refrigerator	105	105 Here and there,	152 Nerve impulse	152 Nerve impulse
2 Tiniest bit	106	106 Here and there,	153 Fishermen's	153 Fishermen's
3 Oscar winner as	107	107 Here and there,	petron	petron
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4 One of five	109	109 Here and there,	102	102
5 Priest of the East	110	110 Here and there,	103	103
5 Norwegian king	111	111 Here and there,	104	104
6 King of the East	112	112 Here and there,	105	105
6 King of the West	113	113 Here and there,	106	106
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8 Bernard	115	115 Here and there,	108	108
8 Malamud	116	116 Here and there,	109	109
16 Pulitzer winner,	117	117 Here and there,	110	110
1967	118	118 Here and there,	111	111
9 Wind-borne	119	119 Here and there,	112	112
10 Catch	120	120 Here and there,	113	113
11 Year in school:	121	121 Here and there,	114	114
11 Abr.	122	122 Here and there,	115	115
12 Once, once	123	123 Here and there,	116	116
13 Wreck of the	124	124 Here and there,	117	117
Hesperus cause	125	125 Here and there,	118	118
14 Mix with, as	126	126 Here and there,	119	119
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15 Sudden silences	128	128 Here and there,	121	121
16 Cobs	129	129 Here and there,	122	122
17 Disreputable	130	130 Here and there,	123	123
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18 Pignail	132	132 Here and there,	125	125
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21 They're for the	136	136 Here and there,	129	129
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22 Carnelian sign	138	138 Here and there,	131	131
23 "I didn't know	139	139 Here and there,	132	132
that!"	140	140 Here and there,	133	133
24 Profession	141	141 Here and there,	134	134
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DAVE BARRY

*Importance of White Socks*

**M**AMI — This topic was suggested by a letter from John Cog of Norfolk. Here's the entire text:

"How come when I'm standing in front of a full-length mirror with nothing on but socks, white socks look O.K., but dark-colored socks make me look cheap and sleazy?"

This letter was passed along to me by my Research Department. Judi Smith, who attached a yellow stick-on note that says: "This is true." Judi did not say how she happens to know it's true; apparently — and I'm sure there's a perfectly innocent explanation — she has seen John Cog of Norfolk wearing nothing but socks.

But the point is that dark socks, as a lone fashion accessory, create a poor impression.

This is a known fact that has been verified in scientific experiments wherein fashion researchers put little white socks on one set of naked laboratory rats, and dark socks on another, then exposed both groups to a panel of leading business executives, such as Bill Gates, who indicated that they would be "somewhat more likely" to hire from the white-sock group, should their personnel needs ever include a rat.

What this means, men, is that if you're dressing for an important job interview, church supper, meeting with my Research Department or other occasion where you could wind up wearing nothing but socks, they should be white.

Likewise, if you're going to be wearing just your underwear, you should always tuck your undershirt way down into your underpants. This is the "look" favored by the confident, sharp-dressing men found in the underwear section of the Sears catalogue.

□

These men live in Sears Catalogue Men's Underwear Town, where all the residents, including on-duty police officers, wear only underwear. All the residents are always in a good mood because they live only a few pages away from Sears Catalogue Women's Underwear Town, which is occupied by hundreds of women who stand around all day wearing nothing but brassieres and underpants and thinking nothing of it.

The happy mood in the Sears underwear towns stands in stark contrast to the mood in Calvin Klein Perfume-Ad Town, where you'd THINK people would be ecstatic,

because they're always writhing around in naked coeducational groups like worms in a bait bucket, but they always have troubled expressions on their faces, as if they're thinking: "SOMEBODY in this coeducational group had Mexican food for lunch."

One last underwear tip: No doubt your mom always told you that your underwear should be clean and free of holes or stains, because you might get in a car crash and be taken, unconscious, to the hospital, and people would see your underwear and possibly ridicule you. Your mom was absolutely right, as we can see from the following unredacted transcript from the emergency room of a major hospital:

**DOCTOR:** What do we have here?

**NURSE:** We have a car-crash victim who has severe head trauma and a broken neck and massive internal injuries and is spewing blood like a fire hydrant.

**DOCTOR:** (drunkenly) O.K., let's take a look at your underwear... WHOO! How do you get Cheez Whiz THERE?

Our final fashion tip for men concerns those special occasions when, for whatever reason, you want to wear something on top of your underwear. What style of clothing is right for you? The answer — taking into consideration your particular age, build, coloring and personality — is: "clothing that has been picked out by a woman."

Men are genetically programmed to select ugly clothing. This dates back millions of years, to when primitive tribal men, responsible for defending their territory, would deck themselves out in face paint, animal heads and nose bones, so as to look really hideous and scare off enemy tribes. If they somehow gotten hold of modern golf clothing, they would have ruled the rain forest.

In conclusion, men, please remember that the fashion tips contained in this column are just the "basics." To learn more about the current men's fashion "scene," get a copy of Esquire or GQ magazine and study the ads and articles presenting the latest styles, making a mental note to never, ever wear any of them, because unless you're a male model, you'd look stupid. Just wear a regular blue suit like everybody else and try to have both shoes the same color. You can get that Cheez Whiz out with bleach.

Knight-Ridder Newspapers

**Kusturica Goes for Third Hit at Cannes**

International Herald Tribune

**P**ARIS — In 1985, an unknown Yugoslav director named Emir Kusturica, age 30, slept on an office floor at the Cannes festival and awoke to find himself famous when his film "When Papa Was Away on Business" won the Palme d'Or. Four years later, he won the director's award for "Time of the Gypsies." This year he will be back, in a large villa, with his new film, "Underground."

Neither Kusturica nor his producer knows if there is any prejudice in Cannes against a director winning a third time. "We have no prejudice," Kusturica points

**MARY BLUME**

out cheerfully. He is a burly, hairy, fragile man proud of being logical, which is often really a confession to being dangerously out of step. A certain loquacity gives yeast to his tightly observed films.

"What I am trying to do with my films is anticipate moviemaking of the future which I see as a kind of home movie, very personal in which the author is playing like a child. Otherwise directors are not needed, you just need stage managers."

Epic in scale and length (three hours), "Underground," on the basis of footage assembled in the race to be ready for Cannes, is as funny and tender as Kusturica's earlier works, shimmering and deeply cinematic (he sees it in part as a homage to Fellini and Tarkovsky).

It begins with the bombing of Belgrade on April 6, 1941, and ends with a new war in 1991. Marko, a smalltime criminal, saves his friends, including a partisan named Blacky, by hiding them in a cellar but keeps them there for 10 years by telling them that World War II is not over. A peaceful underground city is organized, with three churches and a thriving arms industry which Marko traffics above ground. He also piously sees that a monument is raised to the "deceased" Blacky.

When Marko's manipulation is discovered and Blacky breaks out, he finds himself in a film set where his supposed wartime heroics are being re-enacted. But he doesn't know it is a film and so he shoots the Yugoslav extra playing Germans.

Blacky's rampage, Kusturica says, reflects the war in former Yugoslavia today, which he sees as the result of the unfinished war of 1945. "If Tito is to him the invisible villain, we all, Kusturica argues, live underground, or in the dark, because other people govern our lives."

Cahiers du Cinema reliably sees in the metaphor a reference to Plato's cave (as well as to Sleeping Beauty and Tarzan). "Underground" also expresses Kusturica's claustrophobia in our modern depersonalized world. And of course there is the political dimension: "Underground" opens and closes with the phrase, "Once upon a time there was a country."

When he hit the international film scene a decade ago Kusturica was a Yugoslav director. Sarajevo-born of a non-practicing Muslim background, he is now considered



Emir Kusturica: A World War II tale.

Perhaps not. His one foray into the American film industry was "Arizona Dream" with Faye Dunaway and Johnny Depp, which was never released in the United States. This was a disappointment but Kusturica says, "I am not angry about it because I don't die for my films. I die while I'm doing them."

Jean-Francois Fonlupt, head of CIBY 2000, the French company which produced "Underground" as well as films by Almodovar, Bernolucci and David Lynch, says that he is proudest of "Underground" and of Jane Campion's "The Piano," although the shooting was fraught.

"You have to bend to Emir and let him be." The problem, says Kusturica, is his own self-doubt.

"I always start a new movie and think I'm not talented. Each time I think I'm starting from zero, that I don't have a solid ground. You know those stars who say we had such fun. How can moviemaking be fun? If it cannot. You are making a huge structure, like a house, you have to clear the ground and lay the floor and build walls. The corridors, the rooms, the windows. It can't be fun. It can be fun if you're part of the industry but if you're an author it cannot be fun."

The good part comes with the audience. "The moment I see that my film makes people happy, laughing, sad, produces a wide scale of human reactions, then I'm the happiest man in the world."

Kusturica has been labeled a magic realist and although he is not a man for labels this particular one has the merit of suggesting his loathing for naturalism. "I think the major path is to avoid the naturalism that the movie industry and TV push you into." He finds odd that when you go to the cinema you see what is really a TV movie and when you go home and turn on the TV you see "a beautiful old film that is really a film."

"There's so much to see movies in which someone opens the door, gets in the car, closes the door, comes into the home. In 95 percent of the movies I cannot make the difference between them and furniture or cars. But it's the reality and you have to live with it, so whatever you can do as a filmmaker by giving a certain tenderness and hope, by making them laugh and be sad, that's the best you can do."

Kusturica says, as few filmmakers would dare say, "I always thought the ultimate aesthetic aim of the artist is to make people happy." The word happy in his voice suggests reconciliation and hope rather than joy. "The very last words in 'Underground' are: 'This tale has no end.'"

"No end in the sense of parallel sides, sad and funny, tragic and comic. If we don't understand this we could be trapped by those people who are always manipulating us and putting us in their cells. So somehow at the same time we have to be skeptical and hopeful."

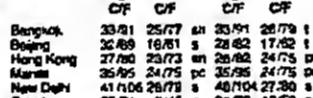
"People today are so concerned with the present moment they don't have this kind of look into eternity that you have to have as a human being. If you're an artist you have to aim at a certain scale that you have to catch, not to be rich, empty and unhappy but to have this wish to go forward and believe that life is worth living."

**WEATHER****Europe**

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

**Asia**

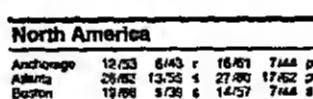
Accu-Weather

**America**

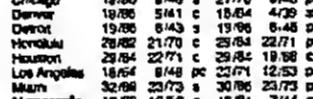
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**Latin America**

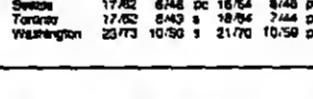
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**North America**

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**Middle East**

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**PEOPLE**

Johnny Cash: Tour postponed.

A BAD reaction to facial surgery has forced Johnny Cash to postpone his European concert tour. The country singer suffered discomfort during the opening concert this week in London, said Joe O'Neil, a spokesman for Cash's record company, American Cash, who had surgery last month for damage to a facial nerve, had shows scheduled in Ireland, Germany, Holland, Switzerland and Austria. The tour will be rescheduled.

Lionel Hampton has every intention of keeping that gig in Georgia. The jazz great has left a hospital, five weeks after suffering a stroke. "Feeling good," the 87-year-old outside Mount Sinai Hospital, where he climbed out of a wheelchair and did a little dance. He then returned to his Manhattan home, where he will begin practicing for a May 16 show with his band in Marietta, Georgia.

Buddy Guy picked his way past them all to capture three W.C. Handy Awards for blues music, including entertainer of the year. Guy first made his reputation as a

guitarist in Chicago in the late 1950s. He emerged in the 1960s as a solo artist on Chess Records, recording classics like "Stone Crazy" and "My Time After." He was born Richard Shaw.

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